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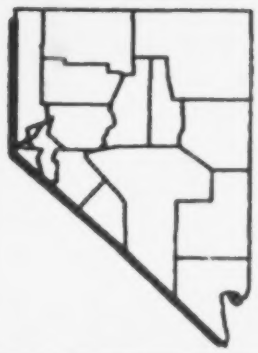

Nevada Employment Security Department

economic update

RICHARD H. BRYAN
Governor

STANLEY P. JONES
Executive Director

ECONOMIC UPDATE

Unemployment Rate
(Seasonally-Adjusted)

		JULY	AUG	SEPT
Nevada -	1986	5.7%	5.6%	5.5%
	1985	8.0	7.8	8.1
Las Vegas -	1986	6.3	6.0	5.7
	1985	8.5	8.4	8.6
Reno -	1986	4.7	4.8	4.7
	1985	6.8	6.5	6.6
U.S. -	1986	6.9	6.8	7.0
	1985	7.3	7.1	7.1

Consumer Price Index
All Urban Consumers

	JULY	AUG	SEPT
1986	328.0	328.6	330.2
1985	322.8	323.5	324.5

Gross Gaming Revenues
(In Thousands)

	2nd Qtr. 1986	2nd Qtr. 1985
Nevada	$ 874,854	$ 845,698
Las Vegas	598,335	562,696
Reno	168,106	171,380

Taxable Sales
(In Thousands)

	2nd Qtr. 1986	2nd Qtr. 1985
Nevada	$2,275,322	$2,194,958
Las Vegas	1,259,145	1,188,374
Reno	534,894	517,532

NEVADA ECONOMY
3RD QUARTER 1986

Nevada labor markets performed very strongly during the third quarter of 1986. The unemployment rate fell from a seasonally adjusted rate of 6.2 percent in June to 5.7 percent in July, 5.6 percent in August, and 5.5 percent in September. The September mark is the lowest since March of 1980 when the rate was 5.3 percent. The monthly jobless rates for the third quarter of 1985 were 8.0 percent in July, 7.8 percent in August, and 8.1 percent in September. Much of the statewide economic growth resulted from the very solid gains made in Las Vegas, where the unemployment rate has fallen for twelve consecutive months.

Industrial employment has shown moderate over-the-year growth. There was a gain of 17,400 jobs in September, an increase of 3.8 percent. The service industries accounted for 7,400 new jobs while trade produced 3,800. In Construction there was a total of 3,500 new jobs, an increase of 13.9 percent. Nearly every industry grew solidly over the year with the exceptions of mining and manufacturing. However, the rather sluggish performance in these areas is attributable more to national than statewide economic factors.

On the national front, the economy has been much more erratic than in the silver state. The goods-producing sector again had a strong

negative impact on the overall employment picture. Since January, this sector has posted a net loss of 457,000 jobs nationwide. Much of this loss can be credited to the precipitous fall in crude oil prices, but some of the decline is due to underlying trade problems. The unemployment rate stayed in the seven percent range through the quarter. From a June level of 7.1 percent, it dropped to 6.9 percent in July and 6.8 percent in August, before rising to 7.0 percent in September. Since February 1985, the national rate has not strayed by more than three tenths of a percentage point from the seven percent mark.

After a jump of five-tenths of a percentage point in July to 7.1 percent, the California unemployment rate improved steadily over the summer months. The August and September numbers were 6.6 and 6.4 percent, respectively.

The Nevada economy will most likely level off over the next few months. As winter approaches, there will be some seasonal employment losses in some industries, but we should continue to see over-the-year improvements. The southern part of the state particularly should show sustained growth. The unemployment rate will probably stay in the five and one-half percent range. The overall outlook for the state is good through the end of the year.

LAS VEGAS

The Las Vegas Economy continued to be upbeat during the third quarter. Tourists were coming to the area at near record numbers. And employment growth, coupled with unemployment declines, reflected a rapidly expanding and healthy area economy.

Unemployment averaged 6.0 percent during the quarter reflecting nearly 17,900 people out of work. Monthly rates during the period were 6.3, 6.0 and 5.7 percent respectively. These monthly unemployment rates continue the downward trend in unemployment experienced in the past several quarters. In addition these rates were the lowest since early 1980. The level of unemployment has declined significantly in the past year. During this quarter in 1985 unemployment averaged 8.4 percent as 24,100 people were without jobs.

Job growth during the quarter continued to be strong. Establishment-based industrial employment averaged 265,600. Monthly figures were 264,000, 264,900 and 268,000 respectively. These numbers reflect nearly 11,000 new jobs over the same period a year ago and a healthy annual growth rate of just over 4 percent.

Construction industry jobs continued to expand relatively rapidly and averaged 17,200 positions during the quarter, an increase of nearly 13 percent over the year. Finance/Insurance/Real Estate (FIRE) is another industry which is reflecting strong growth. There were an average of 14,000 jobs in this industry during the third quarter which is a gain of just over 6 percent over the year. Much of the strength experienced in the construction and FIRE industries can be attributed to the low level of interest rates for residential and commercial construction. In many instances mortgage interest rates are the lowest in several years.

The hotels/gaming/recreation (H/G/R) sector of the service industry has also exhibited a faster than average growth rate. There was a gain of just over 3,500 jobs over the year as H/G/R grew to a total of 82,400 jobs in Las Vegas. Health in the Las Vegas gaming sector is also demonstrated by the relative strength of the area's gross gaming revenue. Gaming revenues in Las Vegas have been the bright spot in

the state even though the increases were somewhat less than expected.

Mining and manufacturing have shown some job losses over the year, although these losses were relatively small. There were 200 mining jobs and 8,000 manufacturing jobs during September. However, during the same period in 1985 there were 300 mining jobs and 8,100 manufacturing positions. The other industries - government and transportation/communication/public utilities and the business and personal services sectors of the service industry, reflected a somewhat slower growth than the average of all industries over the year.

During the next few months unemployment should continue to trend downward. At the same time, job growth will probably continue to expand at about the same rate. The strength of surrounding states economies, especially California's, should provide a positive influence as unemployment continues to drop and disposable income increases. This will provide the impetus for growth in the Las Vegas economy as record numbers of tourist continue to trek to the area.

RENO

Joblessness in the Truckee Meadows during the third quarter of 1986 showed some improvements over the previous quarter and significant improvement over the year ago period. The average seasonally adjusted unemployment rate for the third quarter was 4.7 percent, compared to the previous quarter's 5.4 percent and the 6.6 percent for the 1985 period. Total unemployment averaged 5,700 during the July/August/September 1986 period and was the lowest level for the year. During this period, the number of continued claimants (those individuals receiving unemployment benefits) was at low levels and well below the comparable year ago period. In addition, those individuals filing an initial claim for unemployment benefits has remained steady during this quarter. Several local hotel/casinos experienced job layoffs of about 300 during the period, which had little impact on the area's unemployment. It appears that many found employment at other gaming establishments. Joblessness for the Reno area remains below those recorded for Nevada and well below the September 1986 U.S. rate of unemployment of 7.0 percent.

During the third quarter of 1986, establishment-based industrial employment increased by 1,500. The bulk of the gain occurred in government, due to the opening of local schools for the 1986-1987 school year. Between July and August of 1986, total employment was up 800 and an additional 700 between August and September. During this period, government jumped 1,500 and helped to offset a 500 job decrease for services. There was a decline of 700 jobs in the hotels/gaming/recreation sector. Trade was up 200 primarily in the retail trade sector. Manufacturing, construction, and mining enjoyed gains of 100 each. Employment for finance/insurance and real estate and transportation/communications/public utilities remained unchanged during the quarter.

Total establishment-based industrial employment reached an all-time high of 128,900 during September 1986. This was 3,800 jobs more than for the year ago period and resulted in a 3.0 percent growth rate. All industries except two experienced year to year gains. Services led all sectors with an increase of 2,200 and helped to offset a large decrease in government. The bulk of the increase was attributed to the ownership status of a major hospital being changed from government

ownership to a private non-profit establishment now classified in services. Excluding this event, services would have experienced a 200 job gain and government would have increased of 800. Trade, construction, and TCPU showed positive increases of 1,000, 700, and 800 respectively. Manufacturing was up 200 while FIRE was up 100.

Construction and FIRE are benefitting greatly by stable interest rates, which are considerably lower than in prior years. In fact, the prime interest rate is now at a 9 year low. Consequently, single and multiple housing permits are only slightly below the 1985 level, but significantly higher than for 1982, 1983, and 1984. FIRE employment is also up, partially due to individuals refinancing mortgages at lower rates. Also increasing activity in FIRE are the many home resales taking place.

Taxable sales receipts are also showing the strength of the area's economy. Tourism to the area was strong during the prime tourist season due to the many activities and events designed to bring tourists to the area. Cumulative air traffic counts through August at Reno Cannon International Airport are up 9.7 percent over the year ago period. Cumulative vehicle counts to the area for the same period are up almost four percent over 1985. Hotel/motel occupancy for July and August are well above the year ago levels. Room tax revenues cumulative through August are about equal to the high 1985 levels. However, gross gaming revenues are sluggish at best. For three consecutive quarters, these revenues have been below the same quarter for the previous year.

Expectations for the last quarter of 1986 look favorable. In spite of layoffs at several manufacturing and retail trade establishments, the jobless rate is expected to remain at current levels, possibly increasing slightly. Tourism and the upcoming holiday season should provide impetus for sustaining the business activity.

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PERSONNEL SUPPLY SERVICES GROWTH IN NEVADA

by

Kimberly S. Harris, Labor Economist

Since the 1960's, employment in the U.S. has been shifting away from the goods-producing sector (agriculture, mining, and manufacturing) to the service-producing sector (transportation, trade, finance, and services). Between 1965 and 1985, service-producing jobs nationwide have increased from 64 percent to 75 percent of total employment. Currently, the fastest growing industry in the national economy is business services, although the sector provides a relatively small portion of employment. Computer and data processing services led business services growth with a 197 percent employment increase between 1976 and 1984, followed by personnel supply services with 170 percent job growth (Bureau of Labor Statistics records).

Nevada historically has relied upon the service-producing sector for the majority of employment, due to the growth of the hotels-gaming-recreation (HGR) sector.

Recently, however, the business service sector has grown more rapidly than HGR. In the State, personnel supply services employment rose at nearly three times the rate of computer and data processing over the 1976-1984 period. Employment in personnel supply services rose 336 percent, compared to 135 percent growth in computer and data processing over the same period (Nevada Employment Security Department records). Because

personnel supply services employment has experienced a higher growth rate, this article will examine the recent growth of the sector in Nevada.

Personnel supply services is composed of three sectors: Employment agencies (Standard Industrial Classification 7361); temporary help services (S.I.C. 7362); and other personnel supply services not elsewhere classified (S.I.C. 7369). Employment agencies match job applicants with job openings, for a fee. Thus, the agencies themselves do not employ workers. Also included in this category are executive placement services and labor contractors.

Persons employed by temporary help services are under the general supervision of the firm to which they are supplied, but are on the payroll of the temporary agency. Because employees are on the agency's payroll, employment growth in the user industries is being under-estimated. Firms not elsewhere classified provide a continuing personnel supply on a contract or fee basis.

More than two-thirds (70 percent) of personnel supply services employment in Nevada is provided by temporary help services. Firms not elsewhere classified contribute to 16 percent of the total, followed by 14 percent working in employment agencies. The increase in personnel supply services may be due in part to the economic gains made following the 1981-1982 recession. During the recession, 1300 persons were employed in personnel supply services, but between 1982 and 1984 employment nearly doubled to 2312, a 78 percent increase. By the first quarter of 1986, this number had risen to 3450.

The greatest portion of this employment growth occurred in temporary help services. Since the end of the recession in 1982, employment rose 65 percent to 1650 in 1984. Nationwide during this two-year period, temporary help agency employment rose 57 percent, the largest growth of any industry in the economy.

The explanation for this growth may be that many employers are cautious about hiring new workers as a recession ends, and instead substitute temporary employees until the economy strengthens. If the recovery continues, temporary workers may be replaced by permanent employees. The use of temporary employees can reduce costs, which may be critical to a firm's survival following a recession. Nonpayroll employees are not covered by a firm's pensions, health or unemployment insurance, or workmen's compensation. These benefits are instead provided by the temporary agencies. The growth of temporary help services in Nevada following the recession may be a result of cost-cutting efforts by businesses.

Some firms use temporary agencies to reduce the amount of taxes paid. Certain taxes, such as those paid for industrial insurance, are based upon the industry classification of a firm. For example, firms classified in high-risk industries such as manufacturing are taxed at a higher rate than those in low-risk industries such as services. By hiring employees through a temporary agency, a business would no longer pay any employee taxes. Meanwhile, the agency would pay a lower tax rate on employees since it is classified in the service sector. The growth of temporary employment in some areas may be a result of such a practice to reduce tax costs.

Another incentive to use temporary workers may be the reduced amount of time and money spent for hiring, training, and firing employees. The agency provides trained workers, and the employer is only responsible for

supervising the worker. If an employer is dissatisfied with a worker's performance, he/she can request a replacement.

Although much of the employment growth in personnel supply services is due to the improving economy, some is also a result of such changes in the way businesses are run. Further growth in this business service sector is expected as the economy continues to recover. One factor may limit future employment growth, however. The new income tax laws effective in 1987 requires an employer who leases more than 20 percent of his employees to provide them with pension benefits. This may cause some employers to evaluate the use of temporary workers rather than permanent employees. Regardless of future growth, however, personnel supply services employment has stimulated economic growth since the recession.

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Las Vegas Visitor Profile

by

Bill Deming
Labor Economist

In 1985 there were 14,194,189 visitors to Las Vegas, the highest number ever. This represents an increase of 10.5 percent in visitor volume over the previous year. Who are these people and why do they come to Las Vegas? The Las Vegas Convention/Visitors Authority recently commissioned a visitor profile study by Marketing Research and Development, Inc. for the first quarter of 1986 which supplies some interesting answers to these questions. The following is a brief overview of that report. Of the eight hundred visitors surveyed, sixty percent lived within four hundred miles of Las Vegas. However, a surprisingly large proportion (twenty-seven percent) came from outside the western region of the United States. Forty-nine percent of those surveyed lived in California. It is interesting to note that the Los Angeles metropolitan area accounted for fifty-seven percent of these and for twenty-eight percent of all visitors.

Half of the survey respondents were forty-five years of age or older, though the largest single age category was from thirty-five to forty-four. The median age was 44.3 years. Eighty percent were married and seventy-one percent were travelling in parties of two.

Some of the most important items in the study dealt with gaming. The mean time spent gambling was 24.6 hours compared to an average stay in Las Vegas of 3.9 days (93.6 hours). The mean gambling budget per visitor was $920.00 while the median budget was $450.00. Blackjack was the most popular game, in terms of both time and money.

While 1985 was a very good year for tourism in Las Vegas, 1986 is shaping up to be even better. Air passenger traffic has been over the one million mark for each month since February. In 1985, March and September were the only months to top a million. Gross gaming revenues were up by nearly five percent over the same period last year. With gasoline prices at their lowest levels in several years, we should see even more traffic from Southern California. All things considered, 1986 should be a record setting year in Las Vegas.

Long Term Employment Trends
by
Dan Culbert, Labor Economist

In our analysis of employment, it has long been recognized that entirely too much emphasis has been placed on month to month changes. A look at data over a longer time period provides a more meaningful gauge of economic activity. Recently annual average non-agricultural employment data was made available for all states for the time period 1980 through 1985. As would be expected, the western United States is showing rapid growth. However, several of these states actually showed job losses during the 5 year period.

The fastest growing state in the west is Alaska, which has grown over one-third since 1980. Alaska and Utah were the only two western states that did not lose jobs as a result of the recession early in the decade. Utah's growth was, however, moderate during the period.

Western States Non-agricultural Wage and Salary Employment
(in thousands)

STATE	1980	1985	Change	Percent Change
FAST GROWING				
Alaska	169.4	231.4	62.0	36.6%
Arizona	1014.0	1277.5	263.5	26.0
MODERATE GROWTH				
California	9848.8	10965.3	1116.5	11.3
Colorado	1251.1	1422.4	171.3	13.7
NEVADA	399.9	445.9	46.0	11.5
New Mexico	465.4	518.2	52.8	11.3
Utah	550.8	624.6	73.8	13.4
SLOW GROWING				
Hawaii	404.7	423.1	18.4	4.5
Idaho	330.0	338.3	8.3	2.5
Washington	1608.3	1707.6	99.3	6.2
DECLINING				
Montana	280.4	278.4	-2.0	-0.7
Oregon	1044.5	1029.0	-15.5	-1.5
Wyoming	210.2	204.9	-5.3	-2.5

Nevada's growth has not met previously established levels. During the decade of the 70's, job gains far exceeded those of the first half of the 80's. Between 1970 and 1975, some 60,100 jobs were created for a gain of almost 30%. In the latter portion of the decade, the job market swelled by 136,800 jobs for a growth of over 50%. This would place us well in the range of a fast growth state. So although the growth of 46,000 jobs in the 80's is very healthy, it does not meet with past expectations. This reflects the severity of the recession in 1981-82 on the state that pushed unemployment rates into the 11% range, and brought about the first employment declines since records were kept.

It is expected that Nevada's job gains in the late 1980's will exceed those of the earlier part of the decade. Estimates are that employment will grow at about twice the rate of the 80 to 85 period.

NEVADA LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
CIVILIAN LABOR FORCE	532.5	531.0	532.4	511.9	514.3	515.6
UNEMPLOYMENT	30.0	28.2	26.7	39.3	37.7	37.6
UNEMPLOYMENT RATE	5.6%	5.3%	5.0%	7.7%	7.3%	7.3%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.7%	5.6%	5.5%	8.0%	7.8%	8.1%
TOTAL EMPLOYMENT 1/	502.5	502.8	505.7	472.5	476.6	478.0
NONAGRICULTURAL EMPLOYMENT	494.5	494.3	498.7	464.5	468.0	471.0
AGRICULTURAL EMPLOYMENT	8.0	8.6	7.0	8.0	8.6	7.0
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.1	0.1	0.1

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
TOTAL NONAGRICULTURAL	467.7	469.6	472.8	448.6	451.7	455.4
MINING	6.2	6.3	6.2	6.1	6.2	6.3
METAL MINING	4.6	4.5	4.5	4.4	4.5	4.5
CONSTRUCTION	28.2	28.8	28.6	24.7	25.7	25.1
MANUFACTURING	22.6	22.6	22.4	22.2	22.3	22.1
DURABLE GOODS	14.5	14.6	14.5	14.6	14.6	14.4
STONE, CLAY, & GLASS PRODUCTS	1.7	1.7	1.6	1.5	1.6	1.6
PRIMARY METAL INDUSTRIES	0.9	0.9	1.0	1.1	1.1	1.0
NON-DURABLE GOODS	8.1	8.0	7.9	7.6	7.7	7.7
FOOD PRODUCTS	1.5	1.5	1.5	1.4	1.4	1.4
PRINTING & PUBLISHING	3.8	3.7	3.7	3.4	3.5	3.6
CHEMICALS	0.6	0.6	0.6	0.6	0.7	0.7
TRANSPORTATION & PUBLIC UTILITIES	26.4	26.4	26.4	25.2	25.3	25.5
TRANSPORTATION	15.1	15.1	15.2	13.9	14.0	14.2
RAILROAD	1.3	1.3	1.3	1.3	1.3	1.3
TRUCKING & WAREHOUSE	4.1	4.1	4.1	3.8	3.7	3.8
AIR	3.6	3.6	3.6	2.9	3.0	3.0
PUBLIC UTILITIES	11.3	11.3	11.2	11.3	11.3	11.3
TOTAL TRADE	95.5	95.8	96.2	91.9	92.1	92.4
WHOLESALE	16.5	16.4	16.3	16.1	16.1	16.0
RETAIL	79.0	79.4	79.9	75.8	76.0	76.4
GENERAL MERCHANDISE & APPAREL	14.5	14.6	14.8	13.4	13.4	13.7
FOOD STORES	11.4	11.5	11.6	10.7	10.7	10.8
AUTO DEALERS & SERVICE STATIONS	9.9	9.9	9.9	9.7	9.8	9.7
EATING & DRINKING PLACES	26.5	26.5	26.7	26.1	26.1	26.2
FINANCE, INSURANCE & REAL ESTATE	23.0	23.2	23.2	21.8	22.0	22.1
FINANCE	10.1	10.3	10.3	9.4	9.5	9.6
SERVICE INDUSTRIES	207.9	208.4	208.0	199.5	200.9	200.6
HOTELS, GAMING & RECREATION	133.1	133.4	132.8	128.8	129.5	128.9
PERSONAL	5.6	5.7	5.8	5.7	5.7	5.7
BUSINESS	23.2	23.1	23.2	22.5	23.0	23.1
MEDICAL & HEALTH	19.2	19.4	19.5	16.9	17.0	17.1
GOVERNMENT	57.9	58.1	61.8	57.2	57.2	61.3
FEDERAL	10.8	10.8	10.8	10.7	10.6	10.4
STATE & LOCAL	47.1	47.3	51.0	46.5	46.6	50.9
EDUCATION - STATE & LOCAL	18.5	18.6	22.8	17.2	17.2	21.8

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.
P = PRELIMINARY

L A S V E G A S L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
CIVILIAN LABOR FORCE	303.5	302.2	304.4	290.0	291.7	293.7
UNEMPLOYMENT	19.2	17.8	16.7	24.4	23.9	24.1
UNEMPLOYMENT RATE	6.3%	5.9%	5.5%	8.4%	8.2%	8.2%
UNEMP. RATE (SEASONALLY ADJUSTED)	6.3%	6.0%	5.7%	8.5%	8.4%	8.6%
TOTAL EMPLOYMENT 1/	284.3	284.4	287.7	265.6	267.8	269.6
NONAGRICULTURAL EMPLOYMENT	282.3	282.4	286.0	263.7	265.7	267.9
AGRICULTURAL EMPLOYMENT	1.9	2.1	1.7	1.9	2.1	1.7
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
TOTAL NONAGRICULTURAL	264.0	264.9	268.0	253.3	254.5	257.2
MINING	0.2	0.2	0.2	0.3	0.3	0.3
METAL MINING	0.0	0.0	0.0	0.1	0.0	0.0
CONSTRUCTION	17.1	17.2	17.3	15.1	15.6	15.2
MANUFACTURING	8.1	8.1	8.0	8.0	8.1	8.1
DURABLE GOODS	4.2	4.2	4.2	4.5	4.5	4.4
STONE, CLAY, & GLASS PRODUCTS	0.8	0.8	0.8	0.8	0.8	0.8
NON-DURABLE GOODS	3.9	3.9	3.8	3.5	3.6	3.7
FOOD PRODUCTS	0.7	0.7	0.7	0.6	0.6	0.7
PRINTING & PUBLISHING	1.9	1.9	1.9	1.7	1.7	1.8
CHEMICALS	0.5	0.5	0.5	0.6	0.6	0.5
TRANSPORTATION & PUBLIC UTILITIES	14.8	14.9	14.9	14.4	14.4	14.6
TRANSPORTATION	8.7	8.8	8.8	8.3	8.3	8.5
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
AIR	2.5	2.6	2.6	2.3	2.3	2.4
PUBLIC UTILITIES	6.1	6.1	6.1	6.1	6.1	6.1
TOTAL TRADE	54.8	54.7	55.4	52.7	52.6	53.1
WHOLESALE	8.9	8.7	8.7	8.7	8.6	8.6
RETAIL	45.9	46.0	46.7	44.0	44.0	44.5
GENERAL MERCHANDISE & APPAREL	8.1	8.2	8.3	7.7	7.6	7.7
EATING & DRINKING PLACES	16.4	16.4	16.6	15.9	16.0	16.3
FINANCE, INSURANCE & REAL ESTATE	13.8	14.0	14.0	13.0	13.2	13.2
FINANCE	6.1	6.2	6.3	5.6	5.7	5.7
SERVICE INDUSTRIES	126.6	127.2	127.7	122.5	122.9	123.3
HOTELS, GAMING & RECREATION	81.4	82.0	82.4	78.6	78.6	78.8
PERSONAL	3.5	3.5	3.5	3.5	3.5	3.5
BUSINESS	15.9	15.9	15.9	15.6	15.9	15.9
GOVERNMENT	28.6	28.6	30.5	27.3	27.4	29.4
FEDERAL	5.6	5.6	5.6	5.5	5.5	5.5
STATE & LOCAL	23.0	23.0	24.9	21.8	21.9	23.9
EDUCATION - STATE & LOCAL	9.3	9.3	11.4	8.6	8.5	10.9

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

RENO LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
CIVILIAN LABOR FORCE	135.1	134.7	135.1	129.8	130.3	130.9
UNEMPLOYMENT	5.9	5.7	5.5	8.2	7.5	7.4
UNEMPLOYMENT RATE	4.4%	4.3%	4.1%	6.3%	5.8%	5.7%
UNEMP. RATE (SEASONALLY ADJUSTED)	4.7%	4.8%	4.7%	6.8%	6.5%	6.6%
TOTAL EMPLOYMENT 1/	129.2	129.0	129.6	121.5	122.8	123.5
NONAGRICULTURAL EMPLOYMENT	128.2	127.9	128.7	120.5	121.7	122.6
AGRICULTURAL EMPLOYMENT	1.0	1.1	0.9	1.0	1.1	0.9
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	JUL	AUG	SEP P	JUL	AUG	SEP
TOTAL NONAGRICULTURAL	127.4	128.2	128.9	122.9	123.9	125.1
MINING	0.6	0.7	0.7	0.7	0.7	0.7
CONSTRUCTION	7.1	7.3	7.2	6.3	6.5	6.5
MANUFACTURING	8.3	8.3	8.4	8.3	8.3	8.2
DURABLE GOODS	5.6	5.7	5.7	5.6	5.6	5.5
NON-DURABLE GOODS	2.7	2.6	2.7	2.7	2.7	2.7
TRANSPORTATION & PUBLIC UTILITIES	8.6	8.6	8.6	7.9	7.9	7.8
TRANSPORTATION	4.7	4.7	4.7	4.0	4.0	4.0
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
TRANSPORTATION EXCL. RAILROAD	4.3	4.3	4.3	3.6	3.6	3.6
PUBLIC UTILITIES	3.9	3.9	3.9	3.9	3.9	3.8
TOTAL TRADE	28.7	28.9	28.9	27.7	27.9	27.9
WHOLESALE	6.6	6.6	6.6	6.3	6.4	6.4
RETAIL	22.1	22.3	22.3	21.4	21.5	21.5
GENERAL MERCHANDISE & APPAREL	5.1	5.2	5.2	4.6	4.7	4.9
EATING & DRINKING PLACES	6.2	6.2	6.2	6.3	6.2	6.1
FINANCE, INSURANCE & REAL ESTATE	6.7	6.7	6.7	6.5	6.5	6.6
SERVICE INDUSTRIES	52.9	52.8	52.4	49.8	50.4	50.2
HOTELS, GAMING & RECREATION	31.3	31.1	30.6	30.6	31.1	30.9
PERSONAL	1.5	1.5	1.5	1.5	1.5	1.4
GOVERNMENT	14.5	14.9	16.0	15.7	15.7	17.2
FEDERAL	3.0	3.0	3.0	2.9	2.9	2.8
STATE & LOCAL	11.5	11.9	13.0	12.8	12.8	14.4
EDUCATION - STATE & LOCAL	5.7	6.0	7.2	5.5	5.5	6.9

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	JUL 1986	AUG 1986	SEP P 1986	JUL 1986	AUG 1986	SEP P 1986	JUL 1986	AUG 1986	SEP P 1986
MINING	594.70	613.61	620.54	42.6	43.0	43.7	13.96	14.27	14.20
CONSTRUCTION	601.88	614.51	616.77	37.5	37.7	37.7	16.05	16.30	16.36
MANUFACTURING	374.53	378.95	384.48	40.1	40.4	40.6	9.34	9.38	9.47
DURABLE GOODS	391.07	399.37	411.58	40.4	41.3	41.7	9.68	9.67	9.87
STONE, CLAY & GLASS	535.05	534.01	541.68	43.5	43.1	41.7	12.30	12.39	12.99
PRIMARY METALS	586.66	554.94	595.76	40.1	37.7	40.5	14.63	14.72	14.71
NONDURABLE GOODS	342.86	337.75	330.62	39.5	38.6	38.4	8.68	8.75	8.61
PRINTING & PUBLISHING	355.70	366.15	351.12	37.8	37.4	38.0	9.41	9.79	9.24
PUBLIC UTILITIES	534.66	545.76	569.70	39.4	40.1	39.7	13.57	13.61	14.35
TRADE	290.49	292.74	295.65	34.5	34.4	34.1	8.42	8.51	8.67

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN LAS VEGAS

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	JUL 1986	AUG 1986	SEP P 1986	JUL 1986	AUG 1986	SEP P 1986	JUL 1986	AUG 1986	SEP P 1986
CONSTRUCTION	592.34	602.73	600.65	36.7	37.0	37.1	16.14	16.29	16.19
MANUFACTURING	446.23	435.57	453.77	39.7	39.1	39.7	11.24	11.14	11.43
DURABLE GOODS	498.41	482.41	514.88	39.4	38.5	40.1	12.65	12.53	12.84
NONDURABLE GOODS	372.53	367.35	364.80	40.1	39.8	39.1	9.29	9.23	9.33
TRANSPORT. & UTILITIES	437.73	451.60	452.07	39.4	40.0	39.9	11.11	11.29	11.33
WHOLESALE TRADE	368.10	382.70	386.69	36.7	37.3	37.8	10.03	10.26	10.23
RETAIL TRADE	222.27	218.99	223.26	31.0	30.5	30.5	7.17	7.18	7.32

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

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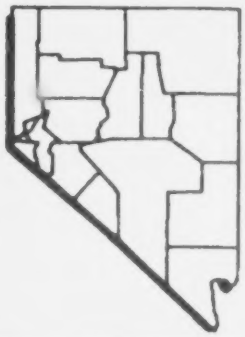

Nevada Employment Security Department

economic update

RICHARD H. BRYAN
Governor

STANLEY P. JONES
Executive Director

ECONOMIC UPDATE

Unemployment Rate
(Seasonally-Adjusted)

		OCT	NOV	DEC
Nevada -	1986	5.6%	5.7%	5.7%
	1985	8.0	8.4	7.9
Las Vegas -	1986	5.7	5.8	5.8
	1985	8.5	8.4	8.1
Reno -	1986	5.0	4.9	5.1
	1985	6.8	8.3	7.2
U.S. -	1986	6.9	6.9	6.7
	1985	7.1	7.0	6.9

Consumer Price Index
All Urban Consumers

	OCT	NOV	DEC
1986	330.5	330.8	331.1
1985	325.5	326.6	327.4

Gross Gaming Revenues
(In Thousands)

	3rd Qtr. 1986	3rd Qtr. 1985
Nevada	$ 915,313	$ 889,776
Las Vegas	592,161	557,432
Reno	188,428	193,482

Taxable Sales
(In Thousands)

	3rd Qtr. 1986	3rd Qtr. 1985
Nevada	$2,378,041	$2,131,494
Las Vegas	1,281,550	1,117,664
Reno	594,147	538,619

NEVADA ECONOMY
4TH QUARTER 1986

The Nevada economy held a steady course through the last quarter of 1986. In October the seasonally adjusted unemployment rate was unchanged at 5.6 percent, while the November and December rates were slightly higher at 5.7 percent. The jobless rate did not change by more than a tenth of a percentage point over the entire last half of 1986. The jobless rates for the last three months of 1985 were 8.0 percent for October, 8.4 percent for November and 8.5 percent for December. The Las Vegas economy, while still very strong, has levelled off somewhat over the last three months.

Industrial employment showed steady improvement in over-the-year terms through the final quarter, growing at 4.1 percent in October, 4.6 percent in November, and a very healthy 4.8 percent in December. No major industry showed a loss over the year, although mining and manufacturing were somewhat sluggish. There were a total of 21,900 more jobs at the end of 1986 than at the end of the previous year. Not surprisingly, the service industries showed the largest number of new jobs with 10,100, of which 7,000 were in hotels/gaming/recreation. Construction grew by 3,600 jobs, which represents an increase of more than 15 percent over the previous year. Trade was up by 3,300 jobs, most of which were in retail.

Nationally, the economic picture improved somewhat over the last quarter. Establishment based industrial employment added 759,000 new jobs over the last three months of 1986. The service-producing sector, driven by the business and health service industries, accounted for most of these, but certainly not all. There was finally a steady improvement in the goods-producing sector, which grew in each of the last three months after having fallen consistently throughout the first three quarters of the year. The unemployment rate improved slightly in December to 6.7 percent, falling from 6.9 percent in October and November, and 7.0 percent in September. December's rate was the only one in 1986 to stray by more than two-tenths of a percentage point from the annual average of 7.0 percent.

In California, the unemployment rate climbed two-tenths of a percentage point in September to 6.6 percent. It rose again in November to 6.8 percent, before falling to its December level of 6.7 percent. Employment posted a net loss over the quarter of 103,000 jobs.

The outlook in Nevada for the first few months of 1987 calls for a slight upward trend in the jobless rate. Employment will fall off also, owing to seasonal factors such as the weather. However, there will likely be continued over-the-year improvements. There should be improvements as the spring months approach and the overall economic prospects for 1987 in Nevada are positive.

LAS VEGAS

During the fourth quarter 1986, the area economy continued to improve and strengthen. Numerous measures of economic health reflected a vibrant economy. Tourism throughout the year was at record levels, while convention attendance continued to be a significant factor. For example, over 90,000 people attended the COMDEX show at the convention center and surrounding properties during the fourth quarter. Air passenger traffic was also strong; an average of over 1 million people a month flew into the area during the year.

Unemployment, a traditional barometer of economic health, continued its downward trend during the latter part of 1986. The unemployment rate averaged 5.8 percent, well below the California and national average of just under 7 percent. Unemployment rates during the quarter were 5.7, 5.8, and 5.8 percent respectively. There was an average of 18,000 jobless people during the period. By comparison, during the fourth quarter of 1985, unemployment averaged 8.3 percent with 25,000 people jobless. This reflects an improvement of 2.5 percentage points, and 7,000 fewer people unemployed in the Las Vegas MSA.

The area labor force also continued to reflect a healthy economy. Labor force numbers averaged 308,700 in the quarter, reaching a high of 311,800 in December. This represent a gain of slightly more than four percent over the year ago period. There were no work stoppages reported for the quarter.

Establishment based industrial employment, the count of jobs, also reflected a vigorous Las Vegas economy. Employment numbers averaged 271,100, an increase of 4.8 percent over the fourth quarter of 1985. During the months of the quarter the number of jobs amounted to 269,500, 271,200, and 272,700 respectively.

Total jobs were 5 percent higher in December 1986 compared to the same month a year ago. Construction, finance/insurance/real estate (FIRE) and services grew significantly faster than the average of all industries during this period.

The construction industry recorded the largest percentage increase in employment at 12.2 percent over December 1985. This reflected an gain of 1,800 jobs. The health of this industry was also apparent in the number of residential construction permits issued. Permits totaled 11,245 through November, an increase of 37 percent over the same period in 1985. This was just slightly less than the record levels of 1983.

In the FIRE industry, growth over the same month a year ago stood at 6.8 percent in December or an increase of 900 jobs. In many respects, these gains reflect the strength of the construction industry and the demand for new home financing. In addition, the decline of home mortgage interest caused a rush to refinance existing mortgages at reduced rates.

Another industry to exhibit significant growth was services, particularly hotels /gaming /recreation (HGR). Overall, the industry job count was 129,200 in December, an increase of 6,900, or 5.6 percent, over the same month a year ago. The HGR sector of services had a relatively stronger increase as it expanded by 6.7 percent or 5,200 jobs. Job growth during the last three months of the year consistently exceeded normal expectations for the area. However, gross gaming revenues were less than anticipated, even though growth outpaced the rest of the State. Given the record number of visitors, people appear not to be spending as much money gambling per visit or have otherwise changed their spending patterns. This could partially explain a significant increase in taxable sales, which were spurred by new car sales and housing.

Industrial growth, however, has not been universal. December figures reflect several relatively slow growing industries when compared to the same month a year ago. Mining declined by 100 jobs, a 33.3 percent drop. Manufacturing only increased by 100 jobs or 1.3 percent and chemical manufacturing declined by 100 jobs. Transportation/communication/public utilities (TCPU) was also relatively slow growing, increasing by only 400 jobs or 2.7 percent.

Overall the outlook for 1987 should be bright. Unemployment in the nation and California is expected to continue to improve. This will have a positive effect on the area through the dual impact of an expected continued growth in tourism and disposable income. Las Vegas unemployment should also continue at it's present low level during the next 12 months, averaging between 6.0 and 6.5 percent. Job growth in the Las Vegas MSA, as reflected by establishment based industrial employment, should increase by more than 14,000 jobs or around 4.5 percent during the year.

RENO

During the last quarter of 1986, joblessness in the Truckee Meadows was much improved. The quarterly rate of 5.0 percent was significantly lower than the 7.4 percent reported one year ago. However, it was slightly higher than the previous quarter's 4.7 percent. A portion of this increase was due to the closure of two retail trade outlets and a mass layoff of temporary personnel at a catalog store. In spite of this, Reno's rate for the past six months has fluctuated very little, moving between 4.7 and 5.1 percent. At 4.7 percent, joblessness was the lowest recorded during 1986 and was the area's lowest rate since March 1980. Further, economic conditions during the fourth quarter of 1986 were enhanced due to favorable weather conditions. This factor allowed tourists to continue visiting without concern for inclement conditions or road controls as was

the case one year ago. On the negative side, many local ski resorts were not able to open their facilities for business due to lack of snow. Consequently, the availability of jobs was substantially reduced.

During the quarter, Reno's establishment-based industrial employment level remained close to record levels. Employment averaged 128,600 for the fourth quarter, 600 fewer than the area's record high of 129,200 that was established during the previous quarter. The area's job total declined by 1,000 between September and October 1986, standing at 128,900. It dropped by another 100 in November before declining yet another 700 in December to 128,100. During the fourth quarter of 1986, even in light of the slight weakening, the county's jobs were 3.6 percentage points above the year ago period. Trade, with its retail trade component, led all industries with a 600 job gain. Most of this job growth was attributed to hirings for the holiday shopping season. Taxable sales receipts from area merchants during the third quarter of 1986 were up by 10.3 percent when compared to the year ago period. This was the largest gain recorded in the past two years.

Transportation/public utilities employment was up 300, primarily in the transportation sector. This included new employment from an airline establishing service in Reno. The service industry and its hotels/gaming/recreation sector dropped 1,300 and 1,500 jobs respectively. However, this decline was fewer than was experienced for the year ago period when the loss for hotels/gaming/recreation (HGR) was 2,400. Further, services declined by only 700 for the same time period, due to an ownership change of a major hospital from public to private non-profit or services. Quarterly gaming revenues have been lackluster, and during the last four quarterly time periods it indicated a negative year-over-year growth rate. For the area's prime tourist season, ending September 1986, winnings were off by 2.6 percent. On an additional negative note, the area will be impacted further by the closing and layoffs of many workers at two smaller hotel/casinos in downtown Reno in late December.

Construction was down by 300, which was fewer than expected for this time of the year. This industry continues to benefit from favorable interest rates and weather conditions. Further, while construction permits for single and multiple family units are below the 1985 pace, they are well above the levels of 1982, 1983, and 1984. Finance/insurance/real estate was down slightly while manufacturing and government remained unchanged.

The employment outlook for the coming quarter looks positive as most economic indicators point to continued improvement. Overall, tourism/visitation remains at good levels. In fact, air traffic passenger levels at Reno Cannon International Airport during 1986 surpassed the 3 million level for the first time. Automobile vehicle traffic counts, on a cumulative basis, were above year ago levels by more than 5 percent. Hotel/motel occupancy levels are well above the national rates but somewhat less than its 1985 level.

During 1987, the labor force is expected to grow by 3.5 to 3.9 percent and should total more than 136,000 individuals. Much impetus for this growth will be due to an expanding population and increased job opportunities. On an industrial employment basis, most sectors should enjoy job gains. The overall growth rate for all industries is expected to be 3.7 percent. Unemployment is anticipated to range between 5.1 and 5.4%.

BALANCE OF STATE

Economic improvements over the last year have been evident in Nevada's balance of state counties following the lead set in the metropolitan areas. The number of jobless has been signficantly reduced ; in December there were over two thousand fewer unemployed than a year ago. Despite these gains, the aggregate quarterly rate (6.0%) was slightly higher than the preceeding three months (5.8%). A summary of the principal developments in the balance of state's largest counties follows.

Unemployment in Carson City during the fourth quarter of 1986 showed little variation from the third quarter. The jobless rate stayed within the relatively narrow range of 5.7 to 6.0 percent. However, comparisons to the fourth quarter of 1985 reveal a greatly improved employment picture. The seasonally adjusted rate ranged widely from 7.7 to 8.8 percent in that quarter.

Part of this improvement over last year is attributable to strong construction activity caused by lower interest rates and very mild winter weather. The number of building permits for single- and multi-family housing issued in the fourth quarter increased 73 percent over the same period last year.

A relatively stable unemployment picture prevailed for the last two quarters of 1986. And Carson City's unemployment rate ended the year on a strong note: the lowest rate this decade. This solid showing should carry over into the first three months of 1987; little change in the unemployment rate is expected.

Douglas County's stable seasonally adjusted unemployment rate of the past two quarters received a shock in the fourth quarter of 1986. While October's and November's measure stayed around the five percent mark, the December rate jumped markedly. This reflected a casino closure and the lack of snow at Lake Tahoe ski resorts.

When compared to last year's fourth quarter, this year's numbers are much improved. The fourth quarter, 1985 seasonally adjusted unemployment rate averaged more than 7.0 percent. While this quarter's monthly numbers averaged about 5.6 percent.

October gaming revenue amounts for Douglas County increased over the same month last year for only the third time this year. Though only a modest gain at 5.7 percent, it is the second increase in the last three months.

The unemployment rate should increase moderately early in 1987 as the balance of December's problems are absorbed in January. The rate is expected to then stabilize at that higher level through the spring.

Elko County's seasonally adjusted unemployment declined every month of the fourth quarter, just as it has done most of this year. December's 4.6 percent is the lowest jobless measure recorded for Elko since April 1981.

Comparisons to the 1985 fourth quarter reveal the robust economy that Elko has experienced this past year. The 1985 fourth quarter seasonally adjusted unemployment rate averaged 7.9 percent while this year's fourth quarter rate averaged only 5.2 percent. This strong improvement is particially credited to the mining industry's vigorous activities in neighboring Eureka County. Most of the workers in these gold mines live in Elko County. Also, the mostly mild winter weather has allowed construction to continue longer than usual. Finally, Elko gaming activity has been stronger than most rural counties; gross gaming revenues increased over the previous year every month through October (latest available).

In the near future, significant changes are not expected in the Elko employment picture. As such, the jobless measure is expected to stay relatively steady in the 5.0 percent range during the first quarter of the new year.

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BALANCE OF STATE
UNEMPLOYMENT RATES BY COUNTY
(SEASONALLY ADJUSTED)

	1986			1985		
	OCT	NOV	DEC	OCT	NOV	DEC
CHURCHILL	6.9%	7.6%	7.0%	9.5%	11.9%	9.8%
DOUGLAS	5.2	5.2	6.3	6.9	7.4	6.9
ELKO	5.5	5.4	4.6	7.2	8.5	8.0
ESMERALDA	4.8	6.6	4.8	5.9	6.4	6.6
EUREKA	4.3	4.3	4.5	5.9	6.6	6.2
HUMBOLDT	6.3	7.0	6.3	10.0	11.1	10.5
LANDER	7.0	6.7	5.8	7.8	9.7	9.7
LINCOLN	5.7	5.5	7.3	6.8	6.5	6.8
LYON	6.1	5.8	5.7	8.9	10.0	8.6
MINERAL	6.7	6.4	5.8	7.6	9.2	11.0
NYE	5.2	5.0	4.8	8.6	8.0	7.7
PERSHING	4.0	3.7	3.8	7.4	7.3	5.0
STOREY	6.5	6.8	6.5	7.3	7.6	8.5
WHITE PINE	8.2	8.5	7.6	9.2	11.1	10.2
CARSON CITY	5.7	6.0	5.7	7.7	8.8	8.2

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NEVADA ECONOMIC DEVELOPMENTS
AND OUTLOOK
by
Jim Hanna, Chief
Employment Security Research

Overall, 1986 has been a good year economically for Nevada--especially in terms of its labor markets. The variable which best reflects the health of labor markets, the unemployment rate, decreased throughout the year and by December was at 5.7 percent, the lowest level in six years. Highlighting this improvement was the fact the December rate was 2.2 percentage points below that of December 1985, with nearly 12,000 fewer individuals unemployed.

Behind this improvement was the continued growth in the job base, with an estimated increase of nearly 20,000 jobs for the 1985-86 period. While the rate of growth (in the neighborhood of four percent) was relatively slow by past standards, Nevada experienced some of the fastest growth throughout the year of any state in the nation. Labor markets were aided by relatively slow growth in the labor force with the result that both new job seekers and many of the existing unemployed were able to obtain employment.

Job growth wasn't, however, evenly shared by all industrial sectors. Mining and manufacturing experienced little growth, both reflecting difficulties on the national and international scene. On the other hand, the construction sector, benefiting from lower interest rates, experienced significant

gains. In between these two extremes was the hotel, gaming and recreation industry which has been experiencing a transition to a "mature" industry in addition to increased competition outside the state. While respectable, the growth rate has dropped significantly from past levels.

Looking to 1987, most analysts anticipate a "repeat" of 1986 economic and labor market conditions for the State. Underlying this forecast is (1) the absence of any visible factors at the State level which would have a serious negative impact, and (2) the belief that the national economy will continue to expand throughout the year. The importance of this latter observation is reflected in the following chart which indicates that Nevada labor market conditions tend to track closely with those at the national level-- obviously reflecting the impact of the national economy on the State. The recent divergence of the Nevada rate below that of the national rate probably reflects the fact that the State has been fortunate to enjoy the positive benefits of lower energy prices (e.g., lower gasoline prices), while experiencing few or any of the negative aspects.

NATIONAL vs NEVADA UNEMPLOYMENT RATE

Given the importance of national economic conditions on Nevada, it should be recognized that all is not well nationally. Problems persist with the budget and trade deficits, and declining energy prices have seriously impacted certain areas of the country. While the recovery is in its fourth year, the rate of growth has been sluggish with the result that unemployment has been pegged at around seven percent for over two years.

The consensus of national forecasters is for moderate improvement in 1987. Typical of most forecasts is the following from the Congressional Budget Office (The Economic and Budget Outlook: An Update, Congress of the United States, August, 1986).

The Congressional Budget Office (CBO) projects that economic growth will pick up in the year ahead, with a steady decline in unemployment. Inflation rates are expected to increase as oil prices stabilize and the effects of rising import prices begin to spread through the economy. The prospects of lower federal deficits have paved the way for declines in the value of the dollar and in interest rates.

What CBO is forecasting is for the rate of growth in real Gross National Product (GNP) to increase from an estimated 2.9 percent in 1986 (based on fourth quarter to fourth quarter) to 3.5 percent in 1987. With the speed up in the rate for real GNP, unemployment in expected to decline from 7.0 percent (annual average) in 1986 to 6.7 percent in 1987.

Major uncertainties surrounding the above forecast are with (1) the potential negative impact of the restrictive shift in fiscal policy mandated by the Balanced Budget Act (the Gramm-Rudman-Hollings bill), and (2) the effects of the tax reform legislation. Obviously, changes in the above toward the negative side would impact the above forecasts accordingly.

Assuming the national forecast hold, Nevada should see employment growth in the 4.0 to 4.5 percent range in 1987--a slight increase over the prior year. In contrast, it doesn't appear that the unemployment rate will continue its rapid downward trend. This in not indicative of any weakening in the overall employment situation, but reflects the fact that the cyclical component of unemployment (Note: unemployment is normally broken down into seasonal, frictional, and cyclical components) is probably reduced to the point that further significant reductions are unlikely. In plain terms, this means that the rate will most likely fluctuate in the 5.5 to 6.5 percent range for the year.

A key area to watch in 1987 is the hotel, gaming and recreation sector, the State's major industry. As noted earlier, employment gains, while respectable, were considerably less than in past years. More significant, however, is that fact that the growth in gaming revenues has dropped off in spite of increased visitation. This is especially pronounced in the northern part of the State (i.e., Washoe, Douglas, and Carson City) where gross gaming revenues have actually declined over the past year. The important question here is whether this reflects transitory elements or something more permanent.

NEW TAX RATES FOR UNEMPLOYMENT INSURANCE

by

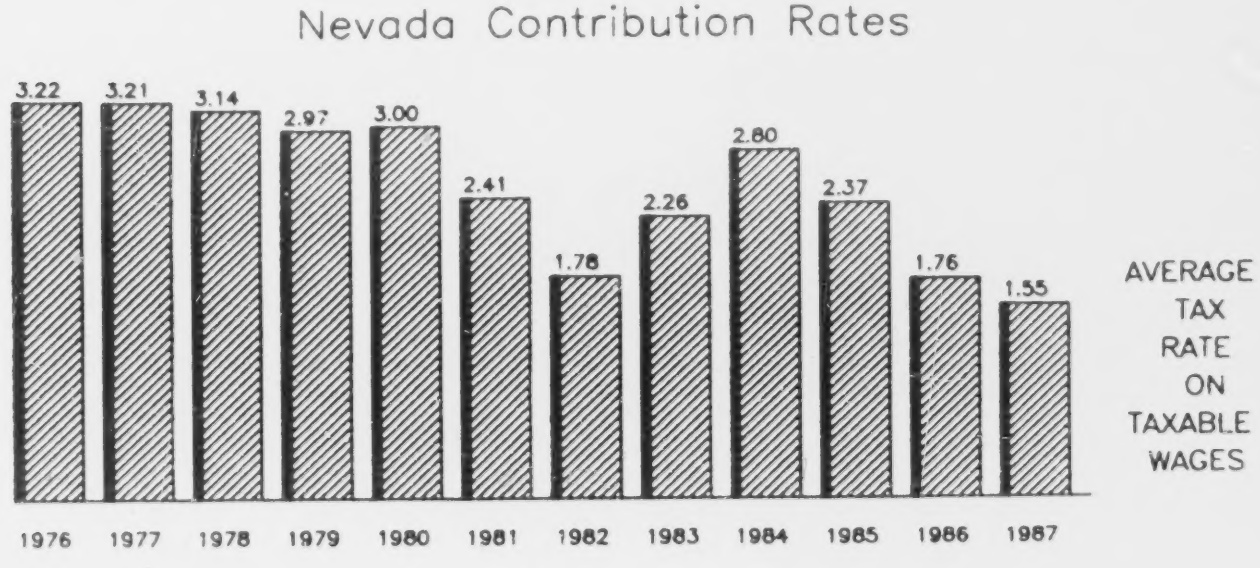
Tom Hills, Labor Economist

The average tax rate for unemployment insurance has been reduced to 1.55% of taxable wages for 1987.

The Employment Security Advisory Council recommended that the Executive Director adopt a contribution rate schedule for 1987 which provides for an average tax rate of 1.55% on the first $11,700 paid to each worker. Department analysts felt the decrease from the 1986 rate of 1.77% was in order, as the schedule would generate sufficient revenue to maintain integrity of the UI trust fund while granting a tax break to the state's employers. This action represents the third consecutive tax cut and one of the lowest average tax rates in the history of the department.

Unemployment Insurance benefits to Nevada workers are paid from the state's UI Trust Fund, and are financed solely through a payroll tax on employers. No deductions are made from employee's wages. New employers pay the standard rate of contributions, 3.0%, for about three years, until a track record of employment and unemployment is established. Although all contributions collected are pooled into a single fund for disbursement, a separate bookkeeping account known as the "experience rating record" is maintained for each employer. All contributions paid over the lifetime of the firm are credited to this account. Benefits paid to former employees are charged on a prorated basis using the firm's share of wages paid to those workers during their base periods. The difference between the credits and charges to the account is known as the "reserve balance" and may be either positive or negative. In order to place all employers on an equal footing with respect to firm size, the reserve balance is divided by the employer's average taxable wages for the last three years in order to obtain the "reserve ratio". Eligible employers are assigned one of 18 tax rates based on the reserve ratio.

A reduced rate of as little as 0.3% is assigned to employers with high positive reserve ratios while firms with high negative ratios face tax rates which may well exceed the standard rate, up to a maximum of 5.4% of taxable wages.



LABOR MARKET INFORMATION PUBLICATIONS

by

George Anastassatos, Labor Economist

The research section of the Nevada Employment Security Department prepares and distributes a wide variety of information under its labor market information (LMI) program. This agency compiles a variety of career guidance publications for students and jobseekers. Economic reports are also compiled for use by analysts, governmental officials, consultants, community employers, as well as employers who may be considering establishment of a business location in Nevada.

Five publications have been recently updated and distributed. Three other documents have been completed, but are not yet available for distribution.

The following informational documents are presently available for distribution at no charge.

Employment Guide: Nevada State Government is a publication designed to provide jobseekers, counselors, and other interested parties with general information concerning how to find a job with the State of Nevada. This document was prepared in cooperation with the Nevada Department of Personnel and addresses such areas as availability of jobs, how to apply, interviews, Nevada State Civil Service examinations, continuous recruitment jobs, and a list of job titles by state agency.

Nevada Wages - 1986 is a survey of wages that is conducted by this agency on an annual basis to aid businesses, government decision makers, and job seekers in evaluating earnings in the labor market. Wages shown in the employer survey represent private and public sector weighted minimum and maximum hourly wage rates for selected occupations as of July 1986. Wage information was gathered for 53 occupations. Geographically, data are presented for the Reno MSA (Washoe County), Las Vegas MSA (Clark County), Rural Area (State less Washoe and Clark counties) and for the State as a whole.

Nevada Occupational Training Directory was compiled by this agency in cooperation with the State Commission on Postsecondary Education. This publication was prepared from information received from selected public and private training facilities throughout the state offering vocational training. The information presented includes background information of the school or training agency, admission requirements, course offerings, fees, application procedures, and identification of facilities which are approved for veterans training.

Hotel, Gaming and Related Occupations is a publication that provides an overview of characteristics for those occupations found in most hotel/casino facilities. The first section gives a brief history of gaming in Nevada, followed by an industry review of job growth during the past several years. The following sections look at training, opportunities for employment, promotions, and wages and gratuities. A final section discusses the various characteristics of occupations in the hotel/gaming industry, nature of the work and training and qualifications required.

Construction Occupations is a part of this agency's labor market information program and provides data on many occupations included in this field. Information includes nature of the work, working conditions, entry requirements, promotional possibilities, employment outlook, earnings, apprenticeship training, and union contacts.

The following publications are being printed and should be available for distribution in the near future.

Nevada Area Labor Review 1986 is an economic document prepared by this agency as an integral part of the labor market information program. The 1986 edition examines the national, state and Nevada metropolitan areas economic developments. In addition, 1987 labor market expectations are reviewed. Population and income trends are also presented. Each section is accompanied by supporting statistical data.

Nevada's Health Occupations publication is designed as a guide for those individuals contemplating a career in this field. General information on duties, training, job opportunities and earnings are provided. Some of the data was taken from a survey of health services agencies and employers. Other information was obtained from the Department of Labor's Occupational Outlook Handbook, and a variety of other sources.

Nevada, Manufacturing and High Technology Occupations is one of several career guidance publications prepared by this agency. High technology information in this document is presented in two different sections. The first portion addresses the concept of high technology and how it applies to the Nevada economy. This includes a definition of high technology, the various industries which comprise high technology, and lastly, a list of high technology occupations. The second section provides detailed information on selected occupations, including the duties required, working conditions, training and qualifications, the job outlook in Nevada and nationwide, earnings and sources of additional information.

If you are interested in receiving any of these publications, please call (702)-885-4550, or write to Employment Security Department, Employment Security Research, 500 E. Third Street, Carson City, Nevada 89713.

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NEVADA POPULATION TRENDS

by

Patty Brisbin, Labor Economist

Nevada begins the second half of the eighties with expectations for continued rapid population growth. The trend of migration into the State, well-established in the 1970s and early 1980s, will continue to significantly add to the Nevada's population. In fact, official State population estimates (table 1) released December 1986 show that the number of Nevadans has climbed to 1,007,859 people. And Nevada's population will probably continue to grow at a rate of 2.7 percent per year through 1990.

With over 80 percent of Nevada's population concentrated in the Las Vegas and Reno metropolitan areas, it comes as no surprise that these areas will also continue to rapidly expand. The Las Vegas MSA will grow at a slightly slower rate than the State as a whole. Eight of Nevada's 17 counties, including Reno MSA, are expected to grow at rates faster than the State average. Douglas and Nye counties are expected to increase populations most rapidly, both at average growth rates of over 3 percent.

TABLE 1
TOTAL NEVADA POPULATION

STATE	1,007,850
Carson City	36,040
Churchill	15,800
Clark	600,160
Douglas	24,250
Elko	23,920
Esmeralda	1,380
Eureka	1,530
Humboldt	11,820
Lander	4,490
Lincoln	4,200
Lyon	17,950
Mineral	6,130
Nye	14,970
Pershing	3,850
Storey	1,780
Washoe	231,780
White Pine	7,800

Source: Bureau of Business and Economic Research - UNR for the State Office of Community Services. December 1986.

Not only is Nevada's population growth rate currently one of the highest in the nation, but the increase of certain age groups within the population is also accelerating. These trends will impact government and business planning and services in several areas, including education, the labor market, and health care. For example, according to U.S. Census Bureau estimates, the elderly population (65 years and older) in Nevada increased by over 30 percent between 1980 and 1984. Approximately 21,000 people were added to this age group, increasing the proportion of elderly in Nevada's population by well over one percentage point (table 2). This trend, influenced by both migration patterns and the aging of the "baby boomers," is expected to continue.

On the other end of the age spectrum, as indicated in table 2, Nevada's young child population (under 5) substantially increased by 25.2 percent, an increase that has begun to affect school planning in recent years. Another notable percentage increase was the 18.4 percent growth in the number of 25 to 44 year olds, a group that competes strongly for jobs in the labor market.

TABLE 2:
Age Components of Nevada's Resident Population 1980-1984

	Percent Increase 1980-1984	Percent Distribution 1984	Percent Distribution 1980
Total	13.8	100.0	100.0
Under 5	25.2	7.7	7.0
5 to 17	2.6	18.0	19.9
18 to 24	4.1	12.0	13.2
25 to 44	18.4	32.6	31.3
45 to 64	12.5	20.1	20.4
65+	32.2	9.5	8.2

Source: U.S. Bureau of the Census, Current Population Reports, Series P-25, No. 970, State Population Estimates, by Age and Components of Change: 1980 to 1984, U.S. Government Printing Office, Washington, D.C., 1985.

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STATE AND COUNTY TOTAL PERSONAL INCOME AND PER CAPITA PERSONAL INCOME

by

George Anastassatos, Labor Economist

The Department of Commerce has recently published revised per capita personal income (PCPI) estimates for all states as well as total personal income levels. In Nevada, personal income has been steadily rising by robust percentages since 1980. Between 1980 and 1985, total personal income has increased, on average, 8.1 percent per year. However, this rate may be slowing somewhat. Total income rose by 7.6 percent between 1984 and 1985, about 2 points less than the previous year's percentage gain for the State. Nationally, total personal income was up by 6.7

percent, almost 4 points down from the previous year's percentage increase. However, the inflation rate as measured by the U.S. All Urban Consumer Price Index (CPI) has also dropped considerably, averaging about 3.7 percent over the last two years (1983-1985). Relatively low inflation has been one of several factors holding down wage and salary increases, the major component of total personal income.

In 1985, PCPI for Nevadans ranked twelfth highest in the Nation. Between 1984 and 1985, it rose 5.4 percent, staying 4 percent above the national average.

Personal income data for both the Las Vegas and Reno metropolitan areas, currently available for 1984, show substantial percentage increases over 1983 levels. Total personal income increased by 8.9 percent in the Las Vegas MSA and by 9.9 percent in the Reno MSA. The margin between PCPI in the two areas continued to widen, with PCPI rising by 9.2 percent in the Reno area compared to a 6.8 percent increase in the Las Vegas area. However, as the Las Vegas area economy continues to "boom" in comparison to the Reno area, the disparity between the two will probably narrow over the next several years.

Total and Per Capita Personal Income
United States and Nevada
1983 - 1985

	1983	1984	1985
Total Personal Income*			
United States	$2,833.0	$3,101.0	$3,311.0
Nevada	11.5	12.6	13.6
Las Vegas MSA	6.3	6.8	NA
Reno MSA	3.0	3.2	NA
Per Capita Personal Income			
United States	$12,093	$13,114	$13,867
Nevada	12,857	13,740	14,488
Las Vegas MSA	11,914	12,729	NA
Reno MSA	14,059	15,348	NA

*Billions of dollars

Total and Per Capita Personal Income by County 1984

County	Total Personal Income (thousands)	Percent Increase 1983-1984	Per Capita Personal Income	Percent Increase 1983 - 1984
Carson City	$477,093	10.4%	$13,284	8.9%
Churchill	157,657	13.6	10,970	11.8
Douglas	347,233	12.3	16,559	9.7
Elko	260,322	10.0	12,840	9.1
Esmeralda	15,246	5.0	11,032	2.7
Eureka	16,809	29.1	12,753	22.8
Humboldt	107,510	8.1	9,836	7.7
Lander	48,671	6.6	11,099	9.0
Lincoln	42,078	17.7	11,866	20.8
Lyon	175,495	11.9	11,183	8.8
Mineral	72,954	8.8	12,127	6.4
Nye	166,119	12.8	11,509	4.9
Pershing	38,948	12.2	10,944	14.9
Storey	21,555	10.5	11,955	9.1
White Pine	89,412	2.9	10,872	6.0

Source: Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis, April 1986, August 1986.

NOTE: Per capita personal income is computed by dividing the total personal income by mid-year population estitmates. Total personal income is the current income received by residents of an area from all sources. It is measured before deduction of taxes but after deduction of social insurance programs.

LAS VEGAS LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
CIVILIAN LABOR FORCE	306.1	308.1	311.8	295.2	295.4	297.5
UNEMPLOYMENT	17.2	17.6	19.2	24.5	24.6	26.0
UNEMPLOYMENT RATE	5.6%	5.7%	6.1%	8.3%	8.3%	8.3%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.7%	5.8%	5.8%	8.5%	8.4%	8.1%
TOTAL EMPLOYMENT 1/	288.9	290.5	292.6	270.7	270.8	271.5
NONAGRICULTURAL EMPLOYMENT	287.4	289.3	291.5	269.2	269.6	270.4
AGRICULTURAL EMPLOYMENT	1.5	1.2	1.1	1.5	1.2	1.1
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
TOTAL NONAGRICULTURAL	269.5	271.2	272.7	257.8	258.8	259.7
MINING	0.2	0.2	0.2	0.3	0.3	0.3
METAL MINING	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	17.0	16.7	16.6	14.7	14.6	14.8
MANUFACTURING	8.1	8.1	8.1	8.0	7.9	8.0
DURABLE GOODS	4.3	4.3	4.3	4.3	4.2	4.3
STONE, CLAY, & GLASS PRODUCTS	0.8	0.8	0.8	0.8	0.8	0.8
NON-DURABLE GOODS	3.8	3.8	3.8	3.7	3.7	3.7
FOOD PRODUCTS	0.7	0.7	0.7	0.6	0.7	0.7
PRINTING & PUBLISHING	1.9	1.9	1.9	1.9	1.8	1.8
CHEMICALS	0.5	0.5	0.5	0.6	0.6	0.6
TRANSPORTATION & PUBLIC UTILITIES	14.8	15.0	15.0	14.5	14.5	14.6
TRANSPORTATION	8.8	8.9	9.0	8.4	8.4	8.5
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
AIR	2.6	2.6	2.5	2.3	2.4	2.3
PUBLIC UTILITIES	6.0	6.1	6.0	6.1	6.1	6.1
TOTAL TRADE	55.6	56.6	57.4	53.4	54.6	55.6
WHOLESALE	8.8	8.8	8.8	8.6	8.6	8.6
RETAIL	46.8	47.8	48.6	44.8	46.0	47.0
GENERAL MERCHANDISE & APPAREL	8.7	9.3	9.7	7.9	8.7	9.2
EATING & DRINKING PLACES	16.4	16.7	17.0	16.2	16.4	16.4
FINANCE, INSURANCE & REAL ESTATE	14.1	14.1	14.2	13.3	13.3	13.3
FINANCE	6.3	6.3	6.3	5.8	5.8	5.8
SERVICE INDUSTRIES	127.7	128.6	129.2	123.1	123.0	122.3
HOTELS, GAMING & RECREATION	82.1	82.3	82.6	78.2	78.3	77.4
PERSONAL	3.5	3.5	3.5	3.5	3.5	3.4
BUSINESS	16.2	16.7	16.9	16.0	15.7	15.9
GOVERNMENT	32.0	31.9	32.0	30.5	30.6	30.8
FEDERAL	5.5	5.6	5.7	5.6	5.6	5.6
STATE & LOCAL	26.5	26.3	26.3	24.9	25.0	25.2
EDUCATION - STATE & LOCAL	12.9	12.7	12.7	12.0	12.1	12.2

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

N E V A D A L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
CIVILIAN LABOR FORCE	534.0	534.9	538.9	516.9	518.0	516.3
UNEMPLOYMENT	28.1	29.4	32.2	38.9	42.6	43.3
UNEMPLOYMENT RATE	5.3%	5.5%	6.0%	7.5%	8.2%	8.5%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.6%	5.7%	5.7%	8.0%	8.4%	7.9%
TOTAL EMPLOYMENT 1/	505.9	505.5	506.7	478.1	475.4	473.0
NONAGRICULTURAL EMPLOYMENT	499.6	500.6	502.2	471.8	470.5	468.3
AGRICULTURAL EMPLOYMENT	6.2	4.9	4.5	6.2	4.9	4.5
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.1	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
TOTAL NONAGRICULTURAL	474.2	474.9	475.0	454.9	454.1	453.1
MINING	6.4	6.5	6.5	6.3	6.3	6.4
METAL MINING	4.6	4.6	4.6	4.5	4.5	4.5
CONSTRUCTION	28.4	27.7	27.1	24.2	23.2	23.5
MANUFACTURING	22.5	22.4	22.5	22.0	22.1	22.1
DURABLE GOODS	14.5	14.5	14.5	14.3	14.2	14.3
STONE, CLAY, & GLASS PRODUCTS	1.6	1.6	1.7	1.6	1.5	1.5
PRIMARY METAL INDUSTRIES	1.0	1.0	1.0	1.0	1.0	1.0
NON-DURABLE GOODS	8.0	7.9	8.0	7.7	7.9	7.8
FOOD PRODUCTS	1.5	1.5	1.5	1.4	1.4	1.4
PRINTING & PUBLISHING	3.7	3.7	3.8	3.7	3.7	3.7
CHEMICALS	0.6	0.6	0.6	0.6	0.7	0.7
TRANSPORTATION & PUBLIC UTILITIES	26.4	26.5	26.7	25.4	25.4	25.7
TRANSPORTATION	15.2	15.3	15.5	14.1	14.2	14.5
RAILROAD	1.3	1.3	1.3	1.3	1.3	1.3
TRUCKING & WAREHOUSE	4.2	4.3	4.4	3.9	3.9	4.2
AIR	3.6	3.6	3.6	3.0	3.0	3.1
PUBLIC UTILITIES	11.2	11.2	11.2	11.3	11.2	11.2
TOTAL TRADE	96.7	98.1	99.2	92.8	94.7	95.9
WHOLESALE	16.4	16.4	16.5	15.0	16.1	15.0
RETAIL	80.3	81.7	82.7	76.8	78.6	79.9
GENERAL MERCHANDISE & APPAREL	15.5	16.6	17.3	14.2	15.6	16.6
FOOD STORES	11.5	11.5	11.5	10.9	11.1	11.2
AUTO DEALERS & SERVICE STATIONS	9.9	9.8	9.8	9.6	9.5	9.6
EATING & DRINKING PLACES	26.2	26.3	26.5	25.0	25.7	25.6
FINANCE, INSURANCE & REAL ESTATE	23.2	23.3	23.4	22.2	22.2	22.2
FINANCE	10.3	10.3	10.4	9.8	9.8	9.8
SERVICE INDUSTRIES	207.0	206.9	206.1	199.7	199.2	195.0
HOTELS, GAMING & RECREATION	131.6	130.7	129.4	127.3	125.7	122.4
PERSONAL	5.7	5.8	5.8	5.6	5.6	5.5
BUSINESS	23.5	24.0	24.2	23.2	22.8	22.8
MEDICAL & HEALTH	19.5	19.5	19.7	17.3	19.2	19.2
GOVERNMENT	63.6	63.5	63.5	62.3	61.0	61.3
FEDERAL	10.6	10.6	10.7	10.5	10.4	10.4
STATE & LOCAL	53.0	52.9	52.8	52.3	50.6	50.9
EDUCATION - STATE & LOCAL	24.6	24.8	24.7	23.4	23.7	23.8

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.
P = PRELIMINARY

R E N O L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
CIVILIAN LABOR FORCE	135.5	135.7	136.2	131.4	132.3	130.8
UNEMPLOYMENT	6.0	6.5	7.4	8.0	10.2	9.7
UNEMPLOYMENT RATE	4.5%	4.8%	5.4%	6.1%	7.7%	7.5%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.0%	4.9%	5.1%	6.8%	8.3%	7.2%
TOTAL EMPLOYMENT 1/	129.5	129.3	128.8	123.5	122.0	120.7
NONAGRICULTURAL EMPLOYMENT	128.7	128.7	128.2	122.7	121.4	120.1
AGRICULTURAL EMPLOYMENT	0.8	0.6	0.6	0.8	0.6	0.6
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1986			1985		
	OCT	NOV	DEC P	OCT	NOV	DEC
TOTAL NONAGRICULTURAL	128.9	128.8	128.1	124.9	124.1	123.2
MINING	0.8	0.8	0.8	0.7	0.7	0.7
CONSTRUCTION	7.1	7.0	6.8	6.4	5.7	5.8
MANUFACTURING	8.3	8.3	8.3	8.1	8.2	8.2
DURABLE GOODS	5.6	5.6	5.6	5.4	5.4	5.4
NON-DURABLE GOODS	2.7	2.7	2.7	2.7	2.8	2.8
TRANSPORTATION & PUBLIC UTILITIES	8.6	8.7	8.9	7.8	7.9	8.1
TRANSPORTATION	4.7	4.8	4.9	4.0	4.1	4.3
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
TRANSPORTATION EXCL. RAILROAD	4.3	4.4	4.5	3.6	3.7	3.9
PUBLIC UTILITIES	3.9	3.9	4.0	3.8	3.8	3.8
TOTAL TRADE	29.3	29.7	29.9	28.2	28.7	29.1
WHOLESALE	6.6	6.6	6.6	6.4	6.4	6.5
RETAIL	22.7	23.1	23.3	21.8	22.3	22.6
GENERAL MERCHANDISE & APPAREL	5.5	5.8	6.1	5.1	5.6	6.0
EATING & DRINKING PLACES	6.1	6.1	6.1	5.9	5.8	5.7
FINANCE, INSURANCE & REAL ESTATE	6.7	6.6	6.6	6.5	6.5	6.5
SERVICE INDUSTRIES	52.0	51.5	50.7	49.7	50.8	49.0
HOTELS, GAMING & RECREATION	30.3	29.8	28.8	30.5	29.8	28.1
PERSONAL	1.5	1.5	1.5	1.4	1.4	1.4
GOVERNMENT	16.1	16.2	16.1	17.4	15.6	15.8
FEDERAL	2.9	2.9	2.9	2.8	2.8	2.9
STATE & LOCAL	13.2	13.3	13.2	14.6	12.8	12.9
EDUCATION - STATE & LOCAL	7.6	7.7	7.6	7.3	7.5	7.5

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	OCT 1986	NOV 1986	DEC 1986 P	OCT 1986	NOV 1986	DEC 1986 P	OCT 1986	NOV 1986	DEC 1986 P
MINING	607.71	622.49	602.62	43.1	43.5	42.8	14.10	14.31	14.08
CONSTRUCTION	622.76	586.40	623.58	38.3	35.8	38.0	16.26	16.38	16.41
MANUFACTURING	389.24	390.58	405.46	39.8	41.2	41.8	9.78	9.48	9.70
DURABLE GOODS	414.12	412.13	436.31	40.8	42.4	43.5	10.15	9.72	10.03
STONE, CLAY & GLASS	520.19	496.95	535.52	40.2	40.7	42.2	12.94	12.21	12.69
PRIMARY METALS	665.32	525.72	555.90	36.1	39.0	41.3	18.43	13.48	13.45
NONDURABLE GOODS	338.17	348.04	341.89	37.7	38.8	38.2	8.97	8.97	8.95
PRINTING & PUBLISHING	359.90	363.59	353.87	36.8	37.6	36.9	9.78	9.67	9.59
PUBLIC UTILITIES	569.06	650.60	617.67	39.3	44.9	43.9	14.48	14.49	14.07
TRADE	289.82	289.84	289.85	33.7	33.2	33.9	8.60	8.73	8.55

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN LAS VEGAS

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	OCT 1986	NOV 1986	DEC 1986 P	OCT 1986	NOV 1986	DEC 1986 P	OCT 1986	NOV 1986	DEC 1986 P
CONSTRUCTION	606.50	573.10	633.60	37.3	34.4	38.1	16.26	16.66	16.63
MANUFACTURING	474.78	447.60	470.90	38.6	40.0	40.7	12.30	11.19	11.57
DURABLE GOODS	532.26	475.60	524.99	38.1	39.6	41.6	13.97	12.01	12.62
NONDURABLE GOODS	387.50	405.78	389.27	39.3	40.7	39.4	9.86	9.97	9.88
TRANSPORT. & UTILITIES	456.06	540.46	472.18	39.9	44.3	42.5	11.43	12.20	11.11
WHOLESALE TRADE	389.11	402.38	380.56	37.2	37.5	35.6	10.46	10.73	10.69
RETAIL TRADE	220.82	223.14	231.36	30.5	30.4	32.0	7.24	7.34	7.23

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

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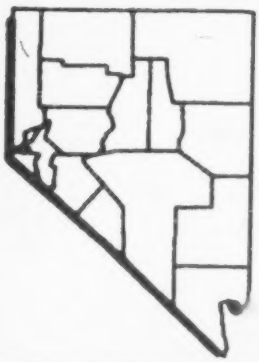

Nevada Employment Security Department

economic update

RICHARD H. BRYAN
Governor

STANLEY P. JONES
Executive Director

Dear Fellow Nevadans:

As we approach the mid-point of 1987 I am delighted to report to you that Nevada's economy continues to be strong and resilient.

The job-generating capacity and growth exhibited by the American economy since the 1981-82 recession has been nothing short of spectacular, and I am proud to say that we in Nevada have exceeded that growth. Since January 1983 nearly 94,000 jobs have been created in Nevada, making our state one of the fastest growing in the nation in per capita "job availability." One of the substantial indicators of the robust character of our economy is the unemployment rate, which now stands at 6.0 percent, considerably below the national average of 6.6 percent.

My administration will continue to emphasize economic development and diversification efforts which seek to strengthen even further the economic climate in Nevada. We can all take a respectable measure of pride in the fact that average job incomes in Nevada exceed the majority of the Western states and rank us in the top half of the nation. Although our success to date has been gratifying, let me assure you that we will set our sights on even more ambitious goals for the future in keeping with the thought "Nevada - a good place to live and do business."

Sincerely,

Richard H. Bryan
Governor

ECONOMIC UPDATE

Unemployment Rate
(Seasonally-Adjusted)

		JAN	FEB	MAR
Nevada -	1987	5.8%	5.7%	6.0%
	1986	7.0	6.8	6.4
Las Vegas -	1987	5.9	5.9	6.3
	1986	7.4	6.9	6.7
Reno -	1987	5.2	5.2	5.4
	1986	5.9	6.1	5.4
U.S. -	1987	6.7	6.7	6.6
	1986	6.8	7.2	7.2

Consumer Price Index
All Urban Consumers

	JAN	FEB	MAR
1987	333.1	334.4	335.9
1986	328.4	327.5	326.0

Gross Gaming Revenues
(In Thousands)

	4th Qtr. 1986	4th Qtr. 1985
Nevada	$ 856,967	$ 766,638
Las Vegas	602,099	539,020
Reno	157,602	142,282

Taxable Sales
(In Thousands)

	4th Qtr. 1986	4th Qtr. 1985
Nevada	$2,503,528	$2,196,474
Las Vegas	1,420,792	1,196,229
Reno	598,440	524,492

NEVADA ECONOMY
1ST QUARTER 1987

Nevada's economy opened the new year on a strong note, and continued its steady course through the first quarter of 1987. The year began with a seasonally adjusted unemployment rate of 5.8 percent in January, followed by a decline to 5.7 percent in February. The jobless rate inched upward to 6.0 percent in March, compared to the year-ago rate of 6.4 percent. Despite the slight rise in March's rate, Nevada's unemployment rate remained below the national level during the first quarter. The U.S. jobless measure held steady at 6.7 percent in both January and February before falling to 6.6 percent in March. California's unemployment rate showed a significant decline over the first three months of the year. The rate fell from 6.7 percent in January to 6.2 percent in February. The state ended the quarter with a March rate of 6.0 percent, the same level as Nevada's rate.

Nevada industrial employment began the first quarter with rapid over-the-year growth. January industrial employment was 7.1 percent higher than one year ago, while February and March reported employment increases of 6.5 and 6.3 percent, respectively. At the end of the quarter, 28,600 more jobs existed than in March 1986. Service industries continued to lead employment growth, creating 13,000 new jobs over the year. The hotel/gaming/recreation sector contributed 7,900 of these new jobs. Growth in trade employment continued at a rapid pace also. The majority of the 5,300 new jobs created in trade over the year are in the retail trade sector. Construction posted the largest percentage increase in employment, growing by 13.5 percent year-over-year for an additional 3,300 jobs. Employment in government and transportation/communication/public

utilities were the only sectors to show sluggish growth.

The first quarter provided a mixed picture of the national economy. Establishment-based industrial employment rose by 766,000 jobs in the first quarter. The majority of this increase was contributed by the service-producing sector, paced by growth in business and health services and finance / insurance / real estate. Employment in the goods-producing sector rose by 115,000 over the quarter, although March registered a decrease after five straight months of increases. The decrease was due to lower production of motor vehicles and electrical and electronic equipment. Industrial productivity also fell three-tenths of one percentage point in March, the largest decrease in ten months. The cutback in auto production was again the major factor in the decline. Also on the national front, many of the largest financial institutions raised their prime interest rate to 7.75 percent from 7.5 percent, the first increase since August 1986.

In the following months, Nevada's economy should continue to exhibit strong employment growth. A slight rise in the unemployment rate is possible, however, primarily due to the weakness in certain manufacturing sectors. Overall, the State should maintain a steady rate of growth into the second quarter.

LAS VEGAS

The area economy continued to exhibited robust behavior in the first quarter of 1987. However, the sustained decline in unemployment, experienced during the past several months, appears to have ended.

Unemployment rates eased upwards during the 1st quarter averaging just over 6 percent. The seasonally adjusted rates were 5.9, 5.9 and 6.3 percent for the respective months of the quarter. Average joblessness totaled nearly 20,300 persons during the period; however, the labor force continued to expand at a significant rate.

First - quarter establishment based industrial employment continued to exhibit very strong growth. Gains were typically more than anticipated for the period. The number of jobs averaged 273,200 during the quarter. This is an increase of 20,200 jobs over the same period a year ago. Employment numbers during the months of the quarter were 271,200, 272,200 and 276,100 jobs respectively.

The construction industry continued to boom in the area as residential building permits were running significantly higher than last year. Construction employment also reflected the strength in the industry as employment increased to a high of 17,100 jobs in March. This is an increase of 2,000 jobs or 13.2 percent over the same month in 1987. Expansion in this sector and subsequent consumer demand has also been responsible, in part, for the robust gains in taxable sales. The finance/insurance/real estate industry also reflected strong employment growth. Jobs gains from March 1987 to the same month of the previous year were significant, increasing just over 10 percent. This strength is a reflection of the strong construction industry and the incidence of new or refinanced home mortgages.

The hotel/gaming/recreation (HGR) sector of the service industry also reflected considerable activity. Job gains and gross gaming revenue increases were evidence of the fact that tourists were coming to the area at close to record numbers. HGR employment reached a quarterly high in March of 86,800 jobs, which is an increase of 6,500 jobs over March of 1986. Eating and drinking

establishments of the retail trade sector also reflected strong tourism gains, increasing by 1,200 jobs during the March to March period.

Government, total trade, transportation/communications/public utilities and manufacturing all reflected less than average job gains over the year ending in March 1987.

Although the unemployment rate has probably bottomed out for the time being, no significant increases in joblessness are anticipated in the near future. The Las Vegas economy is still very healthy and should continue to sustain strong increases in the number of jobs, as evidenced by the March 1986 to March 1987 increase of 7.6 percent. As summer approaches, significant job gains should continue to be evident in the service, construction, trade and FIRE industries.

RENO

The economy in the Reno Metropolitan Statistical Area (MSA) during the first quarter of 1987 showed moderate improvement over the year ago period. Contributing factors included gains in tourism due to good weather conditions, and improved national and California business activity.

Reno's seasonally adjusted unemployment rate began the year at 5.2 percent and remained at that level during February before increasing slightly to 5.4 percent in the following month. This year's 5.3 percent quarterly rate was lower than the 5.8 percent recorded one year ago with 500 fewer unemployed individuals. It should be noted that severe flooding impacted the area during the year ago quarter. Additionally, joblessness during the 1985 quarter was much higher at 6.8 percent. When compared to the nation's and Nevada's jobless rates, the area fared much more favorably. However, the MSA was impacted by the closure of two large hotel/casinos in downtown Reno. One facility reopened its doors under new management in late March while the casino operations of the second have ceased and a new management team has assumed control of the hotel /restaurant.

Total jobs in the area increased by 2,100 during this period principally in services and government industries. Employment in services rose by 1,200, mainly in the hotels/gaming/recreation (HGR) sector. A portion of the gain was due to new hirings at a recently expanded hotel/casino. The bulk of the increase in government jobs occurred in state and local education facilities as schools reopened for the spring semester. Construction employment was up by 200, partially due to favorable weather conditions and mortgage interest rates. On a negative note, trade was down by 300. This was primarily due to seasonal layoffs at general merchandise and apparel establishments. The remaining industries showed little or no change for this period.

During the past 12 months, all industries recorded year over year gains except mining, which represents less than one percent of Reno MSA total jobs. Services led all industries with a 1,700 job increase while its HGR component was up by only 400. Trade employment followed closely with a 1,300 boost, which occurred primarily in retail trade. These two industries combined for more than 55 percent of all new jobs. Employers in construction added 1,000 to their payrolls. On a percentage basis, this translated into a substantial 17.5 percent. In a like manner, employment in finance/insurance/real estate rose by 600, representing a 9.4 percent gain. Manufacturing rose by 400, as several companies established new businesses in the Truckee Meadows. However, a major electronic company laid off more

than 60 employees due to sagging product demand. Government increased by 300 mainly in state and local government while transportation/public utilities was up by 200 primarily in the transportation sector.

Economic indicators in the Reno MSA have been positive during recent months. Gross gaming revenues for the fourth quarter of 1986 were up by 10.8 percent over the year ago period. This is the largest percentage increase reported for the past 11 quarters. Similarly taxable sales receipts for the fourth quarter of 1986 showed a sizable gain of 14.1 percent over the 1985 period. This increase was the highest recorded during the past 10 periods. In fact, preliminary figures for the first two months of 1987 indicate significant gains over 1986 data for both gross gaming revenues and taxable sales receipts. Permits for construction of new residential and multiple family units during the first three months of 1987 are about 24 percent behind the pace of 1986. However, it should be noted that there was one permit for a very large apartment house complex issued a year ago. Tourism in the Truckee Meadows was boosted substantially in January and February due to generally good weather and several 3-day holiday weekends. Air traffic passenger counts for January and February reached record highs. In a like manner, automobile vehicle traffic counts were quite favorable and were well-above the comparable year ago levels.

The jobless rate during the coming months is expected to remain approximately at current levels, while the number of total jobs in the economy is anticipated to increase as the area enters the spring and summer months.

BALANCE OF STATE

The economic gains that most balance of state counties experienced in 1986 have continued into early 1987. Many counties have experienced stable or declining unemployment rates during the first three months of the new year. In March, only two of the fifteen balance of state counties had higher unemployment rates than one year ago. The aggregate first quarter 1987 unemployment rate of 6.1 percent is much lower than the first quarter average rate of 7.2 percent in 1986. Another indication of the economic improvement in the small counties is reflected in the number of jobless, which has decreased by 900 from year-ago figures.

Carson City's seasonally adjusted unemployment rate remained relatively flat during the first quarter. The rate remained in the narrow range between 5.8 and 6.1 percent, averaging 5.9 percent. This is greatly improved over the year-ago first quarter average unemployment rate of 6.7 percent.

One reason for the decrease in unemployment from one year ago is increased construction activity due to lower interest rates, mild winter weather, and the approval of additional building allotments. These factors have contributed to a 70 percent increase in single-family and multi-family housing building permits issued in the first three months, compared to year-over-year figures.

Carson City's unemployment rate has remained relatively stable over the past several months. This trend should continue into the next quarter, providing no unforeseen layoffs or closures take place.

Unemployment in Douglas County also remained stable in the first quarter. The seasonally adjusted rate moved from 5.2 percent in January to 5.1 percent in February before leveling off at 5.0 percent in March. This compares favorably with year-ago jobless levels, which varied between 5.9 percent and 6.2 percent.

The delayed opening of Lake Tahoe ski resorts, due to the lack of snow, may have contributed to the steady unemployment rates during the first three months. This resulted in later than normal seasonal hiring and led to a strong first quarter.

An increase in Douglas County unemployment is expected in the next several months, however. Due to weakness in the electronics industry, manufacturing employment is likely to decrease, leading to rising jobless levels for the county. Unemployment should stabilize, although at a higher rate, after these effects are experienced.

Elko County experienced rising unemployment during the first three months of 1987, with an aggregate quarterly average rate was 5.9 percent. The continuing strength of the area's economy becomes evident when compared to year-ago jobless measures, however. First quarter 1986 unemployment averaged 6.8 percent.

Part of the increase in Elko County unemployment during 1987 is attributable to later than normal seasonal layoffs in the construction industry. Due to the mild weather, construction crews were able to continue working later into the winter than usual, delaying seasonal layoffs.

The Elko unemployment rate should level off as the spring months approach. Construction activity will pick up again at that time. In addition, increased mining exploration and activity should continue to strengthen the economy in Elko and the surrounding counties.

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BALANCE OF STATE
UNEMPLOYMENT RATES BY COUNTY
(SEASONALLY ADJUSTED)

	1987			1986		
COUNTY	JAN.	FEB.	MAR.	JAN.	FEB.	MAR.
CHURCHILL	8.3%	8.3%	7.9%	8.1%	8.1%	8.2%
DOUGLAS	5.2	5.1	5.0	6.0	6.2	5.9
ELKO	5.6	5.7	6.3	6.9	7.1	6.4
ESMERALDA	5.7	5.6	5.8	5.1	5.3	5.2
EUREKA	3.1	2.9	2.8	6.5	6.0	5.4
HUMBOLDT	6.6	6.5	5.9	8.5	8.3	7.9
LANDER	6.6	6.2	5.7	12.3	12.9	11.2
LINCOLN	5.6	5.0	5.2	5.8	5.5	5.2
LYON	6.6	7.0	7.3	7.4	7.9	7.8
MINERAL	5.1	5.6	6.0	9.1	8.5	7.4
NYE	5.2	4.8	5.4	6.9	6.9	6.3
PERSHING	2.9	3.6	3.5	6.9	6.2	5.1
STOREY	6.2	6.8	5.8	10.1	7.8	6.0
WHITE PINE	9.6	9.3	9.1	8.9	8.9	8.3
CARSON CITY	6.1	5.8	5.9	6.7	6.9	6.5

DATA REVISIONS
By
Dan Culbert, Labor Economist

At the end of each year, the research section of the Employment Security Department undertakes the project of revising previously released data. Three series are impacted by this revision : Establishment-Based Industrial Employment, Labor Force, and Hours and Earnings. Although there was little change in the originally released data and the revised information, a change in area definition substantially changed some information for Las Vegas.

ESTABLISHMENT-BASED INDUSTRIAL EMPLOYMENT

At the time of the series revision in December, data is available for all employers covered under the Nevada Unemployment Compensation Act through the quarter ending in June. Data beyond this time has either yet to be collected or is incomplete. In order to produce timely information, a sample of firms throughout the state send employment, hours and earnings data to us for projections of our data series. Using June as a starting point, employment is estimated for the ensuing months using this sample data. Since the sample is ongoing, estimates will continue to be generated and current data produced. This sample will be used for the remainder of 1987. In December of this year, the cycle starts again with the inclusion of data through June of 1987 to replace the previously released sample-based estimates.

For Nevada, the results of the most recent revision shows very little adjustment necessary throughout the July 1985 to June 1986 period. There was a small underestimate during the latter few months, with the resulting revision showing slightly higher overall employment than was first published. This indicates the sample-based estimates from the Current Employment Statistics (CES) program are quite reliable. Data by area yields much the same result, with industry information changing only slightly.

LABOR FORCE

The labor force series is the composite of employment and unemployment. The data reflect people by place of residence, as opposed to the CES, which shows jobs by place of work. These components are derived by using a combination of administrative data (claims for unemployment insurance), establishment surveys (like the CES), household surveys, and census relationships. These data are subject to yearly revisions in part because of the change in data of the establishment-based industrial employment series and partly because of updates to the household survey.

The results of the revised labor force statistics shows a lower overall unemployment rate for 1986 than was originally released. This was especially true in the early months of 1986, which showed the major change in the data revisions. Area statistics indicate much the same pattern. The year 1986 proved to be a time of much better economic climate than recent years. The unemployment rate for Nevada fell two whole percentage points - from 8.0% in 1985 to 6.0% in 1986. This, coupled with a CES employment increase of 22,200 jobs established Nevada as the state with the best improvement in these categories. The outlook for 1987 is optimistic although the amount of improvement, particularly in the unemployment rate, will not be as dramatic.

HOURS AND EARNINGS

This series, like the labor force, is subject to revisions caused by the CES changes. This year there were no

changes in the originally published monthly data due to the relatively small changes in the CES.

AREA DEFINITION CHANGE

In the past, the definition of the Las Vegas Metropolitan Statistical Area has vacillated between (1). Clark County and (2). Clark County and Beatty township in Nye County. The reason for the latter definition was because of the Las Vegas area's close ties with the Nevada Nuclear Test Site. Official definitions now recognize the Las Vegas MSA as Clark County only. Because of this change, revisions have been made to a variety of data items. Chief among these is the Establishment-Based Industrial Employment series which was revised back to 1972. The Labor Force series was only revised for 1985 and 1986 due to other factors that prevent this from being a consistent time series. The Hours and Earnings series was not revised for the same reason.

Data from the revision process is now available by writing the Nevada Employment Security Research Section, 500 East Third Street, Carson City, Nevada 89513, or by calling (702) 885-4550.

REVISED ESTABLISHMENT-BASED INDUSTRIAL EMPLOYMENT
(in thousands)

NEVADA

	1985	1986
Total Nonagricultural	446.4	468.6
Mining	6.1	6.3
Construction	23.9	27.4
Manufacturing	21.9	22.2
Transportation & Public Util.	25.3	26.6
Trade	90.9	94.8
Finance Insur. & Real Estate	21.4	22.5
Service Industries	196.4	207.3
Government	60.5	61.5

LAS VEGAS

	1985	1986
Total Nonagricultural	246.6	262.5
Mining	.2	.3
Construction	14.3	16.5
Manufacturing	7.8	8.1
Transportation & Public Util.	14.4	15.0
Trade	52.2	54.8
Finance Insur. & Real Estate	12.6	13.4
Service Industries	115.8	123.6
Government	29.3	30.8

REVISED ESTABLISHMENT-BASED INDUSTRIAL EMPLOYMENT
(in thousands)

RENO

	1985	1986
Total Nonagricultural	121.7	126.4
Mining	.7	.7
Construction	6.0	6.9
Manufacturing	8.3	8.2
Transportation & Public Util.	7.9	8.6
Trade	27.4	28.5
Finance Insur. & Real Estate	6.4	6.8
Service Industries	48.3	51.1
Government	16.7	15.6

REVISED LABOR FORCE
(in thousands)

NEVADA

	1985	1986
Labor Force	521.0	541.0
Unemployment	42.0	32.0
Unemployment Rate	8.0%	6.0%
Total Employment	479.0	509.0

LAS VEGAS

	1985	1986
Labor Force	294.5	308.2
Unemployment	25.3	19.1
Unemployment Rate	8.6%	6.2%
Total Employment	269.2	289.1

RENO

	1985	1986
Labor Force	133.8	137.4
Unemployment	9.1	7.0
Unemployment Rate	6.8%	5.1%
Total Employment	124.7	130.4

REVISED AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES

	Average Weekly Earnings		Average Weekly Hours		Average Hourly Earnings	
NEVADA	1985	1986	1985	1986	1985	1986
Mining	$568.00	$600.48	42.9	42.8	$13.24	$14.03
Construction	582.84	602.27	36.0	37.2	16.19	16.19
Manufacturing	369.66	376.27	40.4	40.2	9.15	9.36
Durable Goods	383.93	396.20	40.8	41.1	9.41	9.64
Stone, Clay	477.99	507.52	40.1	41.6	11.92	12.20
Primary Metals	592.64	588.13	40.9	39.9	14.49	14.74
Nondurable Goods	340.49	337.54	39.5	38.4	8.62	8.79
Printing & Pub.	342.27	354.75	38.5	37.5	8.89	9.46
Comm. & Publ. Util.	531.70	557.52	40.9	40.4	13.00	13.80
Trade	286.25	286.62	34.2	33.8	8.37	8.48

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UPCOMING SURVEYS

by Patricia Brisben, Labor Economist

Information is a valuable commodity in our daily lives. And it is becoming a virtual necessity in the career decision-making and job-seeking process as labor markets become more complex and competitive. Since labor market information is important to the activities of employers, job-seekers, and planners, the research section of the Employment Security Department (ESD) makes every effort to provide timely and relevant information.

Questions about Nevada's labor market generally fall into two categories: those relating to occupations and those relating to wages. The data used to answer these questions comes from two annual surveys: the Occupational Employment Statistics (OES) survey and the Nevada wage survey. The OES survey is an ESD/U.S. Department of Labor cooperative project through which current Nevada employment data for over 700 occupations is captured. The wage survey is smaller in scope and typically covers about 60 occupations that are prominent in the State's economy. The 1987 occupational survey round is currently in progress, and an expanded wage survey will be conducted during July.

Now, more than ever, the Employment Security Department deeply appreciates the participation of those employers who have responded to past surveys and actively solicits the participation of those employers selected for the upcoming surveys. Why? Because this information is now being incorporated into a statewide Nevada Career Information System (CIS). The CIS is designed to meet the informational needs of a variety of users--students making decisions about continuing school or going to work, people who are ready for a career change, or those who want to find other occupational possibilities to match their abilities and interests. The CIS provides current information--relevant to Nevada--about many topics including, but not limited to, occupations, job search techniques, training availability, and schools. Starting with a sound information base means that users will be better served.

If those employers receiving a survey form have questions about the form or would like assistance with providing the requested information, please call Patty Brisbin or Linda Graeber at Employment Security Research: 702-885-4550, or use the in-state toll-free number: 1-800-992-0900 ext. 4550.

U.S. LABOR PRODUCTIVITY TRENDS

by Kim Harris, Labor Economist

Many indicators are used to measure improvement in the national economy. Since the 1981 - 1982 recession, for example, the seasonally adjusted U.S. unemployment rate has declined from 10.8 percent at the end of the recession (November 1982) to 6.6 percent in April 1987. Industrial employment has grown by 11 million jobs, and inflation and interest rates have declined to their lowest levels in many years. Judging from these indicators, the national economy is continuing to recover at a strong pace.

One additional measure of the economy's health is productivity, which relates physical output to real input. The Bureau of Labor Statistics uses labor input data to compute labor productivity, measuring output per unit of labor (output per hour). The Bureau of Economic Analysis, U.S. Department of Commerce, prepares output and compensation productivity measures each quarter, as part of the National Income and Product Accounts. In addition, the Board of Governors of the Federal Reserve System prepares the manufacturing output measure.

Productivity indexes are available for four sectors: business, nonfarm business, manufacturing, and nonfinancial corporations. Business is the broadest sector for which productivity is measured. This sector, which includes farming and agriculture, accounts for four-fifths of the nation's Gross National Product and provides 77 percent of U.S. employment. The nonfarm sector excludes farm businesses. Manufacturing represents producers of durable and nondurable goods. Nonfinancial corporations include all corporations doing business in the U.S., except banks, insurance companies, stock and commodity brokers, and financial and credit agencies. These indexes indicate the change in output relative to changes in various inputs.

The most common productivity indicator is labor productivity, as measured by output per hour. U.S. productivity has risen at an average annual rate of 2.3 percent per year between 1947 and 1985 ("U.S. productivity growth since 1982: the post-recession experience," Lawrence Fulco, Monthly Labor Review, U.S. Dept. of Labor, December 1986). During this period, there have been eight business cycle troughs, with recovery lasting from 4 to 35 months between trough and peak. Typically, the business cycle accelerates productivity growth during a recovery, but slows it during a contraction. Productivity is influenced by the business cycle because many inputs, such as skilled employees, capital, and equipment, are considered fixed in the short run. When demand for a product increases, as in the initial stages of a recovery, firms can increase output more rapidly than labor and capital inputs, causing a sharp increase in productivity. Similarly, firms can reduce output more easily than labor and capital during a contraction, causing productivity to decrease.

Between 1947 and 1973, productivity in the business sector grew at an annual average rate of 3.0 percent. From 1973 through 1985, however, productivity has slowed to an annual average growth rate of 0.9 percent. Over the entire 1947 through 1985 period, productivity has risen more rapidly during recoveries (2.6 percent per year) than over the period as a whole (2.3 percent per year). Since productivity began to slow in 1973, the difference between productivity gains made during recoveries and gains made over the long-term have widened even further. The growth rate during recoveries since 1973 has been more than six-tenths of one percentage point higher than the long-term rate

for business and nonfarm sectors, and 1.1 percent higher for manufacturing. Since 1973, the slowdown in manufacturing productivity has been smaller than in the more comprehensive business and nonfarm business sectors.

Through the second quarter of 1986, the recovery period from the 1981-1982 recession had lasted for 14 quarters, longer than all but three other recovery periods. A comparison of the current recovery period with others that have continued for at least 14 quarters indicates that this recovery differs from others in several respects.

One difference between the current and previous recoveries is that productivity gains in manufacturing have been much higher than in the total business sector, and are higher than those previously recorded for manufacturing (see Table 1 below). Second, business sector gains in productivity have been the lowest of any similar recovery period. Third, gains in hourly compensation lag behind previous increases. Finally, unit labor costs (compensation per unit of output) have risen slowly compared to increases from prior recovery periods.

TABLE 1. ANNUAL AVERAGE RATE OF PRODUCTIVITY GROWTH

	1981-1982 RECESSION	PRIOR RECESSIONS
BUSINESS SECTOR		
FIRST 14 QUARTERS OF RECOVERY	1.8 %	3.1 %
MANUFACTURING SECTOR		
FIRST 14 QUARTERS OF RECOVERY	4.4 %	3.6 %

An analysis of the change in annual average productivity over the past nine years indicates a decline as well, as seen in Table 2 below. Only the manufacturing sector has exhibited significant increases in productivity in recent years. This improvement becomes more apparent when compared with other nations. In 1985, U.S. manufacturing productivity was outpaced by only three other countries: Japan, West Germany, and Belgium. Gains in U.S. manufacturing productivity for each year between 1982 and 1985 have even exceeded the 3.2 percent U.S. average rate of gain between 1960 and 1973 ("International trends in productivity and unit labor costs in manufacturing," Arthur Neef, Monthly Labor Review, December 1986).

America's recovery from the 1981-1982 recession is now in its eighteenth quarter, the third longest recovery in the post-war period. Based on employment growth and unemployment declines, the current recovery appears strong. Productivity measures indicate that this period is not growing as rapidly as prior recoveries, however. Only manufacturing productivity has reached or exceeded the levels of growth experienced in the past. The slowdown in productivity growth is one of many changes currently taking place in the U.S. economy.

TABLE 2. U.S. ANNUAL AVERAGE PERCENTAGE CHANGE IN LABOR PRODUCTIVITY, BY SECTOR*

YEAR	BUSINESS	NONFARM	NONFINANCIAL	MANUFACTURING
1977	1.7 %	1.5 %	1.6 %	3.0 %
1978	0.8	0.8	0.6	1.5
1979	-1.2	-1.5	-0.8	-0.1
1980	-0.3	-0.5	-0.7	0
1981	1.4	1.0	0.5	2.2
1982	-0.4	-0.6	0.8	2.2
1983	2.7	3.2	3.1	5.8
1984	2.2	1.9	2.0	4.1
1985	1.0	0.5	1.1	4.4

*SOURCE: Monthly Labor Review, U.S. Dept. of Labor, Bureau of Labor Statistics, December 1986

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NEW LABOR SURPLUS AREAS IN NEVADA

By

George Anastassatos, Labor Economist

The U.S. Department of Labor recently issued a list of areas throughout the country that have high unemployment rates, qualifying them for a special program. Employers located in these areas are potentially eligible for bidding preference on certain Federal procurement contracts. The annually updated lists are generally issued for a reference period effective from October 1st through September 30th. Due to new legislation, however, the reference period for this year only is April 1st through September 30th.

Under provisions of public law 99-272, surplus area designations are now determined for all cities with a minimum population of 25,000 and for all counties. Under the old law, the population criteria for cities was 50,000 or more.

An area is designated as a labor surplus area when its average unemployment rate is at least 20 percent above the average unemployment rate for all states during the previous two calendar years. In 1984-1985, the average unemployment rate for the U.S. was 7.5 percent. Therefore, the "trigger rate" for labor surplus area designation this fiscal year is 9.0 percent or higher. The following is a list of seven areas in Nevada which were so designated for the period April 1, 1987 through September 30, 1987.

NEVADA AREAS

CARSON CITY
CHURCHILL COUNTY
CITY OF HENDERSON
HUMBOLDT COUNTY
CITY OF NORTH LAS VEGAS
STOREY COUNTY
WHITE PINE COUNTY

THE CONSUMER PRICE INDEX: REVISION HIGHLIGHTS

by Patricia Brisbin, Labor Economist

Definition and Uses of the Consumer Price Index

A number of economic statistics and indexes are produced and published by the United States government, but perhaps none is more widely recognized and used as the Consumer Price Index (CPI).

By definition, the CPI is a measure of the average change in prices paid by urban consumers for a fixed market basket of goods and services. As such, it is often referred to as a cost-of-living index. However, because the CPI is designed to measure only urban consumer expenditures, it cannot be regarded as a true measure of overall price changes. Among other types of expenditures that are not measured are income-related expenses, such as income tax; noncash or barter transactions; "in-kind" subsidies (e.g., direct grants); government services; or employer-provided benefits.

Two CPI measures are published each month: the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) and the Consumer Price Index for All Urban Consumers (CPI-U). The CPI-W is a continuation of the historical series begun during World War I. Over one-half of a household's income must come from clerical or wage occupations in order to be included in the CPI-W survey. The CPI-U survey samples a broader population. In addition to urban wage earners and clerical workers, professional employees, self-employed, poor, unemployed, and retirees are also considered in the scope of the survey. The CPI survey does not include non-urban consumers, farm families, military personnel, or people living in institutions.

Although the CPI is more narrowly defined than many users realize, it is still a very important indicator. And it is put to many uses. Perhaps the most well-known use of the CPI is as a measure of inflation. It is used to deflate observations in certain economic series (e.g., components of GNP, retail sales, and hourly and weekly earnings) to inflation-free dollars. It is used to adjust the Federal income tax structure to prevent inflation-induced increases in tax rates ("bracket creep"). And the CPI is used to adjust income payments. Social security payments, rents, and COLAs (cost-of-living agreements) are only a few of the types of payments affected by changes in the CPI.

Highlights of the CPI Revision

Because the CPI can--and does--have such a large impact in our economy, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) revises the CPI on a periodic basis. Reasons for revising the CPI include changing income, social and demographic shifts, technological innovation, and product changes. The previous revision to the CPI was in 1978 and used a market basket reference period of 1972-1973. In January of this year, the published CPI reflects a new revision, with a new market basket reference period of 1982-1984. (The BLS will continue to publish both the old CPI and the new CPI for the next six months.) Table 1 shows the relative importance (percentage distribution) of the major expenditure groups in both the old market basket and the new market basket.

The data collection for the CPI involves four different interlocking sample surveys. The Bureau of Labor Statistics made many changes to the sampling and data collection methodologies to improve the accuracy

of the index. One outcome of these changes is a shift in the publication frequency of some of the metropolitan area indexes. For example, the San Francisco-Oakland-San Jose area index is now being published monthly along with the Los Angeles-Anaheim-Riverside index. (Note: Nevada's metropolitan areas have not been, nor are presently, covered by the consumer price index survey.)

The new market basket used in the revised CPI differs substantially from the old market basket. Weights of the expenditure items have changed. Items have been added or deleted within the major expenditure groups to better represent consumer spending patterns. Many item definitions also have been modified or changed. The main effects of the revision on the seven major expenditure groups are summarized below.

Table 1
Comparison of Relative Importance
by Major Expenditure Group

Expenditure Group	OLD CPI 1972-73 Relative Importance	NEW CPI 1982-84 Relative Importance
ALL ITEMS	100.000	100.000
FOOD AND BEVERAGES	20.562	17.840
HOUSING	38.215	42.637
APPAREL AND UPKEEP	7.498	6.524
TRANSPORTATION	19.065	18.696
MEDICAL CARE	3.988	3.850
ENTERTAINMENT	4.814	4.380
OTHER GOODS AND SERVICES	4.843	5.128

Food and Beverages

The revision had no effect on a long-term trend that has been evident in this index. That is, the proportion of a consumer's budget spent on food items has continued to steadily drop since 1939, when over 30 percent of total spending was for food items.

It is interesting to note how spending patterns within this group have shifted. For example, food away from home expenditures have increased, rising from 5.7 percent of total expenditures in the old market basket to 6.1 percent of total expenditures in the new market basket. At the same time, the relative importance of food at home expenditures has declined from 13.5 percent to 10.1 percent.

Housing

Total expenditures for housing increased by 2.4 percent. Most of the increase is due to the expansion of the definition of **lodging away from home**. The value for an owner's use of vacation property is included in this category.

The relative importance of housing expenditures also rose substantially. A number of factors contributed to this increase. For example, **homeowner's equivalent rent**, a measure that separates the consumption component from the investment component of owning a home, grew as the number of homeowners increased. The higher quality of housing also added to expenditures in this group.

Other changes in the housing category include the addition of **information processing equipment** as a separate item stratum. This category was previously identified as business equipment for home use and included in the item stratum for stoves, ovens, and other major appliances. **Other video equipment** is also now a separate item stratum.

Transportation

A major change was made in the treatment of transportation expenditures. Previously, the combined value of new and used vehicles was overstated. That is, not all used car sales were subtracted from used car purchases. As a result of this definitional change, the total transportation expenditure was reduced by 9.7 percent. The proportion of spending on overall transportation also declined between the old and new CPI, but spending on **new cars** increased slightly and spending on **new trucks and motorcycles** doubled.

The motor fuel item strata provides a clear-cut example of the change in consumption behavior when supply and price change. The 1973-74 oil embargo forced a dramatic change not only in the short-term purchasing behavior of the driving American public, but affected long term patterns as well. In an effort to conserve fuel, several measures were put into effect, such as reduced speed limits and the design of fuel efficient cars, which resulted in a 23.2 percent decline in gasoline consumption between 1973 and 1982. Beginning in 1982, consumption once again began to climb as crude oil and gasoline prices began to decrease and the supply of gasoline expanded.

Medical Care

The medical care category shows a very low share of total expenditures (table 1), in spite of the well-documented rise in medical care costs. This is due to the way in which medical care is paid for. Recall that the CPI does not measure employer-provided benefits, which commonly pay a major portion of medical expenses. The CPI only measures the price changes in a consumer's out-of-pocket payments for insurance premiums and medical care.

In an effort to more clearly define the components of medical care expenditures, this group was restructured in the revision. The definitional changes do not affect the overall medical care index itself, but they do change the way health insurance premiums are represented in the medical item expenditure weights.

Apparel and Upkeep

The apparel and upkeep expenditure group is a more volatile expenditure index primarily because of the nature of the item strata. The CPI tends to understate price changes for two reasons: disappearance of the unique items selected for the sample and rapid price changes as a result of the marketing strategy used to retail apparel. In the new revision, methodological changes were made to dampen the volatility of this index.

Entertainment

The index for this expenditure group does not appear to have changed a great deal between revisions. However, within the major group consumption patterns have shifted from less consumption of commodities to more consumption of services. The exception to this is an increase in purchases of sporting goods. New item strata are **club memberships and fees** for participant sports, and **fees for lessons and instructions.**

Other Goods and Services

The definition of **school textbook and supplies** is expanded to include elementary school purchases and textbooks. The **tuition and other school fees** category increased primarily as a result of growth in expenditures for day care and nursery schools. **Accounting fees** and **cemetery lots and vaults** are two new item strata for the personal financial services and funeral expenses categories. **Legal services** is also a separate stratum.

Final Notes

A number of the changes made to the CPI during the revision process have been introduced with the publication of the January 1987 index. Other changes will be phased in over the next two years.

Additional information about the CPI and the new revision can be obtained by contacting the regional BLS office at 450 Golden Gate Avenue, Box 36017, San Francisco, CA 94102; Phone: 415-556-4678, or, contact Employment Security Research at 702-885-4550; in-state toll-free number: 1-800-992-0900, ext. 4550.

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NEVADA LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
CIVILIAN LABOR FORCE	551.6	553.8	559.7	517.4	522.7	527.6
UNEMPLOYMENT	36.1	35.5	35.5	40.6	39.3	35.4
UNEMPLOYMENT RATE	6.6%	6.4%	6.3%	7.8%	7.5%	6.7%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.8%	5.7%	6.0%	7.0%	6.8%	6.4%
TOTAL EMPLOYMENT 1/	515.4	518.3	524.2	476.8	483.4	492.2
NONAGRICULTURAL EMPLOYMENT	511.3	514.1	519.2	472.7	479.3	487.3
AGRICULTURAL EMPLOYMENT	4.1	4.1	5.0	4.1	4.1	5.0
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	476.6	478.2	484.7	445.0	450.0	456.1
MINING	6.6	6.5	6.6	5.8	5.9	6.0
METAL MINING	5.4	5.3	5.4	4.4	4.4	4.5
CONSTRUCTION	26.8	26.7	27.7	23.9	23.6	24.4
MANUFACTURING	22.7	22.9	22.9	21.7	21.8	21.7
DURABLE GOODS	14.2	14.4	14.3	13.9	13.9	13.8
STONE, CLAY, & GLASS PRODUCTS	1.5	1.5	1.5	1.4	1.4	1.4
PRIMARY METAL INDUSTRIES	1.0	1.0	1.0	1.0	1.0	1.0
NON-DURABLE GOODS	8.5	8.5	8.6	7.8	7.9	7.9
FOOD PRODUCTS	1.5	1.5	1.5	1.4	1.4	1.4
PRINTING & PUBLISHING	4.0	4.0	4.0	3.6	3.6	3.6
CHEMICALS	0.8	0.8	0.8	0.8	0.8	0.8
TRANSPORTATION & PUBLIC UTILITIES	26.9	26.9	26.9	25.5	25.7	25.9
TRANSPORTATION	15.7	15.7	15.7	14.1	14.4	14.6
RAILROAD	1.3	1.3	1.3	1.3	1.3	1.3
TRUCKING & WAREHOUSE	4.2	4.3	4.3	3.7	3.9	4.0
AIR	4.0	4.0	3.8	3.3	3.5	3.6
PUBLIC UTILITIES	11.2	11.2	11.2	11.4	11.5	11.3
TOTAL TRADE	96.2	95.9	96.9	90.6	90.0	91.8
WHOLESALE	17.0	17.1	17.3	16.1	16.2	16.3
RETAIL	79.2	78.8	79.6	74.5	73.8	75.3
GENERAL MERCHANDISE & APPAREL	14.8	13.9	13.8	14.4	13.4	13.3
FOOD STORES	11.4	11.7	11.6	10.6	10.6	11.0
AUTO DEALERS & SERVICE STATIONS	10.1	10.1	10.2	9.4	9.4	9.5
EATING & DRINKING PLACES	26.1	26.2	27.0	24.4	24.9	25.6
FINANCE, INSURANCE & REAL ESTATE	23.3	23.3	23.6	21.1	21.3	21.6
FINANCE	10.5	10.5	10.6	9.6	9.7	9.8
SERVICE INDUSTRIES	212.0	212.1	215.6	196.5	199.5	202.6
HOTELS, GAMING & RECREATION	131.0	131.8	134.1	121.5	124.2	126.2
PERSONAL	5.9	5.9	5.9	5.6	5.8	5.8
BUSINESS	27.3	26.4	26.8	24.3	24.1	24.3
MEDICAL & HEALTH	20.5	20.4	20.8	19.4	19.5	19.7
GOVERNMENT	62.1	64.0	64.5	59.9	62.2	62.3
FEDERAL	10.9	10.9	11.0	10.7	10.7	10.7
STATE & LOCAL	51.2	53.1	53.5	49.2	51.5	51.6
EDUCATION - STATE & LOCAL	22.8	24.7	25.0	22.0	24.0	24.1

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.
P = PRELIMINARY

L A S V E G A S L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
CIVILIAN LABOR FORCE	321.1	322.5	326.3	298.3	300.6	303.7
UNEMPLOYMENT	20.2	20.1	20.5	23.1	21.9	20.2
UNEMPLOYMENT RATE	6.3%	6.2%	6.3%	7.8%	7.3%	6.7%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.9%	5.9%	6.3%	7.4%	6.9%	6.6%
TOTAL EMPLOYMENT 1/	301.0	302.4	305.8	275.2	278.6	283.5
NONAGRICULTURAL EMPLOYMENT	300.0	301.4	304.6	274.2	277.6	282.3
AGRICULTURAL EMPLOYMENT	1.0	1.0	1.2	1.0	1.0	1.2
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	271.2	272.2	276.1	250.5	252.7	256.6
MINING	0.3	0.3	0.3	0.3	0.3	0.3
METAL MINING	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	16.4	16.4	17.1	14.7	14.5	15.1
MANUFACTURING	8.2	8.4	8.4	7.8	7.9	7.9
DURABLE GOODS	4.1	4.2	4.2	4.1	4.1	4.1
STONE, CLAY, & GLASS PRODUCTS	0.7	0.7	0.8	0.7	0.7	0.7
NON-DURABLE GOODS	4.1	4.2	4.2	3.7	3.8	3.8
FOOD PRODUCTS	0.7	0.7	0.7	0.6	0.6	0.6
PRINTING & PUBLISHING	2.0	2.1	2.1	1.8	1.9	1.9
CHEMICALS	0.6	0.6	0.7	0.7	0.7	0.7
TRANSPORTATION & PUBLIC UTILITIES	15.4	15.5	15.5	14.4	14.4	14.5
TRANSPORTATION	9.5	9.5	9.5	8.4	8.5	8.5
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
AIR	3.0	3.0	2.9	2.5	2.5	2.5
PUBLIC UTILITIES	5.9	6.0	6.0	6.0	5.9	6.0
TOTAL TRADE	55.9	56.1	56.7	52.5	52.5	53.2
WHOLESALE	9.3	9.4	9.5	8.5	8.6	8.6
RETAIL	46.6	46.7	47.2	44.0	43.9	44.6
GENERAL MERCHANDISE & APPAREL	8.0	7.6	7.6	8.2	7.7	7.7
EATING & DRINKING PLACES	16.6	16.8	17.2	15.4	15.8	16.0
FINANCE, INSURANCE & REAL ESTATE	13.9	14.0	14.2	12.6	12.7	12.9
FINANCE	6.3	6.3	6.4	5.6	5.7	5.7
SERVICE INDUSTRIES	129.6	129.4	131.4	117.8	119.3	121.5
HOTELS, GAMING & RECREATION	84.9	85.3	86.8	77.2	78.7	80.3
PERSONAL	3.7	3.8	3.8	3.5	3.7	3.7
BUSINESS	14.7	13.8	14.0	12.6	12.2	12.3
GOVERNMENT	31.5	32.1	32.5	30.4	31.1	31.2
FEDERAL	6.0	6.1	6.1	5.9	5.8	5.8
STATE & LOCAL	25.5	26.0	26.4	24.5	25.3	25.4
EDUCATION - STATE & LOCAL	11.9	12.5	12.8	11.4	12.1	12.2

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.
P = PRELIMINARY

R E N O L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
CIVILIAN LABOR FORCE	137.2	138.0	139.2	130.3	132.6	133.4
UNEMPLOYMENT	8.9	8.6	8.4	9.5	9.5	8.1
UNEMPLOYMENT RATE	6.5%	6.2%	6.0%	7.3%	7.2%	6.1%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.2%	5.2%	5.4%	6.0%	6.1%	5.4%
TOTAL EMPLOYMENT 1/	128.4	129.4	130.8	120.8	123.1	125.3
NONAGRICULTURAL EMPLOYMENT	127.8	128.9	130.2	120.3	122.6	124.6
AGRICULTURAL EMPLOYMENT	0.5	0.5	0.6	0.5	0.5	0.6
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	JAN	FEB	MAR P	JAN	FEB	MAR
TOTAL NONAGRICULTURAL	125.6	126.0	127.7	119.4	121.0	122.7
MINING	0.7	0.7	0.7	0.7	0.7	0.7
CONSTRUCTION	6.6	6.6	6.8	5.8	5.6	5.8
MANUFACTURING	8.4	8.4	8.4	8.0	8.0	8.0
DURABLE GOODS	5.6	5.6	5.6	5.3	5.3	5.3
NON-DURABLE GOODS	2.8	2.8	2.8	2.7	2.7	2.7
TRANSPORTATION & PUBLIC UTILITIES	8.6	8.6	8.6	8.2	8.4	8.6
TRANSPORTATION	4.6	4.6	4.6	4.2	4.4	4.6
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
TRANSPORTATION EXCL. RAILROAD	4.2	4.2	4.2	3.8	4.0	4.2
PUBLIC UTILITIES	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL TRADE	28.9	28.3	28.6	27.4	27.0	27.5
WHOLESALE	6.5	6.4	6.5	6.3	6.3	6.4
RETAIL	22.4	21.9	22.1	21.1	20.7	21.1
GENERAL MERCHANDISE & APPAREL	5.5	5.1	5.0	5.2	4.7	4.7
EATING & DRINKING PLACES	6.1	6.0	6.2	5.8	5.9	6.2
FINANCE, INSURANCE & REAL ESTATE	7.0	6.9	7.0	6.4	6.4	6.5
SERVICE INDUSTRIES	50.0	50.2	51.2	47.9	48.9	49.6
HOTELS, GAMING & RECREATION	28.0	28.3	29.0	27.4	28.1	28.6
PERSONAL	1.4	1.4	1.4	1.4	1.4	1.4
GOVERNMENT	15.4	16.3	16.4	15.0	16.0	16.0
FEDERAL	2.8	2.9	2.9	2.8	2.8	2.8
STATE & LOCAL	12.6	13.4	13.5	12.2	13.2	13.2
EDUCATION - STATE & LOCAL	6.9	7.7	7.7	6.7	7.6	7.6

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	JAN 1987	FEB 1987	MAR P 1987	JAN 1987	FEB 1987	MAR P 1987	JAN 1987	FEB 1987	MAR P 1987
MINING	592.45	603.78	588.75	42.5	42.7	41.2	13.94	14.14	14.29
CONSTRUCTION	589.18	571.42	601.51	35.6	34.8	36.7	16.55	16.42	16.39
MANUFACTURING	393.01	384.24	393.46	40.6	39.9	40.9	9.68	9.63	9.62
DURABLE GOODS	412.93	401.80	412.00	41.5	41.0	42.3	9.95	9.80	9.74
STONE, CLAY & GLASS	480.79	501.43	496.43	40.2	40.8	41.3	11.96	12.29	12.02
PRIMARY METALS	615.72	593.35	592.67	42.0	40.2	40.4	14.66	14.76	14.67
NONDURABLE GOODS	352.56	348.55	359.25	38.7	37.6	38.3	9.11	9.27	9.38
PRINTING & PUBLISHING	367.50	356.97	372.63	37.5	36.5	37.3	9.80	9.78	9.99
PUBLIC UTILITIES	582.08	567.22	559.72	44.4	40.4	39.5	13.11	14.04	14.17
TRADE	292.18	296.35	298.32	33.7	33.6	33.9	8.67	8.82	8.80

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN LAS VEGAS

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	JAN 1987	FEB 1987	MAR P 1987	JAN 1987	FEB 1987	MAR P 1987	JAN 1987	FEB 1987	MAR P 1987
CONSTRUCTION	580.72	563.33	610.28	34.2	34.1	36.5	16.98	16.52	16.72
MANUFACTURING	479.04	480.40	473.89	40.7	40.0	40.4	11.77	12.01	11.73
DURABLE GOODS	538.26	533.79	526.58	41.5	40.5	40.6	12.97	13.18	12.97
NONDURABLE GOODS	393.42	405.97	399.80	39.5	39.3	40.1	9.96	10.33	9.97
TRANSPORT. & UTILITIES	487.64	449.12	462.48	43.5	39.5	39.8	11.21	11.37	11.62
WHOLESALE TRADE	403.84	401.88	395.57	37.1	37.7	36.9	11.02	10.66	10.72
RETAIL TRADE	227.09	225.26	228.10	30.4	30.4	30.7	7.47	7.41	7.43

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

STATE OF NEVADA
EMPLOYMENT SECURITY DEPARTMENT
500 E. THIRD STREET
CARSON CITY, NEVADA 89713-0001

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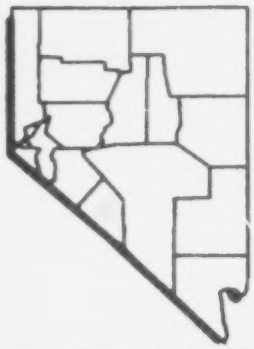

Nevada Employment Security Department

economic update

RICHARD H. BRYAN
Governor

STANLEY P. JONES
Executive Director

ECONOMIC UPDATE

Unemployment Rate
(Seasonally-Adjusted)

		APR	MAY	JUN
Nevada -	1987	5.8%	5.9%	5.9%
	1986	6.1	5.6	5.6
Las Vegas -	1987	6.1	6.2	6.2
	1986	6.5	6.0	5.9
Reno -	1987	5.2	5.4	5.4
	1986	5.2	4.8	4.8
U.S. -	1987	6.3	6.3	6.1
	1986	7.1	7.2	7.1

Consumer Price Index
All Urban Consumers

	APR	MAY	JUN
1987	337.7	338.7	340.1
1986	325.3	326.3	327.9

Gross Gaming Revenues
(In Thousands)

	1st Qtr. 1987	1st Qtr. 1986
Nevada	$ 955,130	$ 834,674
Las Vegas	694,330	600,271
Reno	154,886	141,860

Taxable Sales
(In Thousands)

	1st Qtr. 1987	1st Qtr. 1986
Nevada	$2,232,987	$2,006,611
Las Vegas	1,273,780	1,135,191
Reno	487,601	452,287

NEVADA ECONOMY
2ND QUARTER 1987

The Nevada economy continued to show steady growth throughout the second quarter of 1987. In April the seasonally adjusted unemployment rate was 5.8 percent, while the May and June rates were slightly higher at 5.9 percent. The over-the -year change in the jobless rate was an increase of three-tenths of a percentage point. Although June's unemployment rate inched up from the June 1986 level of 5.6 percent, Nevada's rate continued to stay below the national level during the second quarter. The U.S. unemployment rate began the quarter at 6.3 percent in April and remained at that level through May before dropping to 6.1 percent in June. California's jobless rate began at 5.8 percent and then rose to 6.1 percent in May before dropping to 5.5 percent, just slightly below Nevada's rate.

Industrial employment showed strong growth over-the-year in Nevada. In April, employment was 6.8 percent higher than one year ago. May and June also showed increases of 6.4 and 6.6 percent job growth respectively. It should be noted that total nonagricultural jobs in June amounted to over 500,000 jobs for the first time on record in Nevada. Every major industry showed positive growth during the second quarter. At the end of the quarter, 30,900 more jobs existed than in June of 1986. Of the new jobs created, over one-half were accounted for in the service industry which produced 15,900 jobs. The hotel/ gaming/recreation sector contributed

10,700 of these new jobs. Another sector which showed rapid employment gains was the trade industry where retail trade accounted for 4,400 out of 5,600 new jobs created. Construction and finance/insurance/real estate posted increases of 7.6 and 7.0 percent respectively in June. Employment in government and transportation/communications/public utilities were the only sectors which reported relatively slow growth of 4.2 and 4.5 percent respectively.

On the national level, activity in the second quarter yielded varying results. Gains in establishment-based industrial employment remained steady at the start of the second quarter then began to drop-off in June. Employment in the service-producing industry increased by 526,000 jobs in the second quarter according to quarter-over-quarter figures, while employment in the goods-producing sector rose by 28,000 jobs. Much of the gain in the service sector, a part of the service-producing industry, was due to an increase in health services. In the goods-producing sector, construction employment was unchanged due to a slowdown in housing starts. Sales of new single-family homes fell sharply during the quarter. The drop of 14.9% was the steepest decline since January 1982. Employment in mining and manufacturing remained uncharged, however mining activity would be expected to pickup as oil prices begin to increase.

The outlook for the Nevada economy calls for a possible decline in the unemployment rate in the next few months. Employment growth should remain steady in most sectors. A slowdown in construction is possible as housing starts slowdown and interest rates edge upward. Overall, Nevada's economy looks strong heading into the third quarter.

LAS VEGAS

During the second quarter of 1987 the economy of the Las Vegas area again reflected the strength of the national, and more specifically, the California economies. The number of people visiting the area, as evidenced by airport passenger and vehicle counts into the valley, continued to be near record numbers and convention attendance was strong. The area business community continued to reflect a positive attitude about the Las Vegas economy as a significant number of new firms located in the area during the past several months.

Unemployment during the April through June period reflected a slight, but not significant, increase. Joblessness averaged 6.2 percent, an increase of two tenths of a percent over the first quarter, as an average of 19,600 person were without jobs. Seasonally adjusted unemployment rates for the quarter were 6.1 percent, 6.2 percent and 6.2 percent respectively. Last year during this quarter unemployment averaged 7.0 percent with 21,700 persons unemployed. This over-the-year decline in unemployment is further evidenced by the significant reduction in the number of individuals receiving checks from the unemployment insurance system administered by the Employment Security Department. There were no work stoppages due to labor disputes or significant layoffs in the area during the period.

Las Vegas establishment-based industrial employment continued to exhibit exceptionally strong growth during the quarter. Area employment levels reached a high of 284,200 jobs during May, while the April employment level was at 280,900 jobs and June's was at 283,500 jobs. Employment for the quarter averaged 282,900 jobs. Last year average second quarter employment was 261,500 jobs. These

numbers reflect a significant over-the-year increase of 21,400 jobs or 8.2 percent.

Several industries exhibited strong growth patterns during the past year. The non-durable goods component of the manufacturing industry reflected a significant percentage increase in employment as several new food processing and printing firms located in the area. The finance industry continued to exhibit strong expansion over-the-year reflecting the home building boom experienced during recent times. However, it is expected that the growth rate of employment within this industry will ease with the on-going rise in home mortgage interest rates.

However, the focal point of job growth in the area continues to be found in the service industry. There were nearly 13,000 new jobs in the industry with the majority found in the hotel/gaming/recreation sector (HGR). Employment in HGR was 90,600 in June, an 11.3 percent increase over-the-year. This increase in HGR is further evidenced by the strong growth of gross gaming revenues which increased by 15.7 percent between the first quarter of 1986 and the first quarter of 1987. Business services also exhibited significant growth, increasing by just over 17 percent. The mining, manufacturing, transportation/ communication/public utilities, trade and government industries continued to reflect slower than average growth in the area.

The outlook for the Las Vegas area continues to be bright. Employment gains from new, recently announced business expansions and new construction could potentially provide more than 18,000 jobs in the near future. These jobs, coupled with other growth in the area, should continue to provide for a healthy Las Vegas job market.

RENO

During the second quarter of 1987, joblessness in the Reno Metropolitan Statistical Area (MSA) remained at favorable levels. In fact, for the first six months of the year, the seasonally adjusted unemployment rates fluctuated very little, varying between 5.2 and 5.5 percent.

The Reno area's jobless rate stood at 5.2 percent in April, increasing to 5.4 percent in May and remaining at that level in June. This reflected approximately 7,200 persons seeking employment. This year's quarterly average of 5.3 percent is slightly higher than the 4.9 percent reported for the year ago period. However, it was much more favorable when compared to the 7.0 percent level reported for the 1985 period. Further, Reno's rate is well below that of Nevada and also the United States as a whole.

Total jobs in the area rose by 4,300 during the quarter over the same period of one year ago, reflecting a job growth of 3.4 percent. This quarter's employment increase was the largest for this period during five of the past six years. Job gains in government, trade, and services led all sectors for this period. Increases in government were partially due to a later than normal summer recess at educational facilities. Employment levels in trade rose higher due to openings of new businesses and hirings for the summer tourist season. Service jobs also increased due to higher levels in hotels/gaming/ recreation, as well as for personal, medical and business services.

During the past twelve months ending June 1987, employment in all major industries increased except for mining which remained unchanged at 700. Annual job gains were led by trade and services with increases of 1,600 and 1,500, respectively. In the trade

sector, the largest increase occurred in eating and drinking establishments. It is interesting to note that hotels/gaming/and recreation (HGR) employment added less than one-half of total service jobs (600 of the 1,400 increase). The resultant job growth for HGR was 2.0 percent, almost one-half the average pace for all industries. Construction, manufacturing, and government payrolls grew by 400 persons each. Growth in construction continued to be buoyed by an increasing population. Manufacturing benefitted by the openings of several establishments producing both durable and non-durable goods. Employment in finance/insurance/real estate was up 300, due to increasing business activity at financial institutions as well as more real estate transactions. There were 200 jobs added to payrolls of employers classified in transportation/public utilities. This gain was equally distributed between the transportation sector and the public utilities sector.

Most economic indicators in the Truckee Meadows have been favorable during recent months. Gross Gaming Revenues for the first quarter of 1987 were up 9.2 percent over the year ago period. This is the second consecutive quarterly gain, following the 10.8 percent for the fourth quarter of 1986. The previous four periods exhibited negative year to year growth rates. Taxable sales receipts for the first quarter of 1987 showed a gain of almost 8 percent over the 1986 period. Air traffic passenger counts at Reno Cannon International Airport for April and May were up 21.8 and 15.1 percent respectively over year ago levels. On a year-to-date basis, the gain was almost 13 percent. Similarly cumulative automobile vehicle traffic counts were up almost 9 percent through May over the year ago period. In contrast, cumulative construction permits for single and multiple residential units through May were down by 35 percent for the Truckee Meadows. This short fall occurred principally in multiple housing units (large apartment complexes), which continue to be adversely affected by the new tax law.

Joblessness during the coming quarter is expected to decline slightly due to the area's prime tourist season. Bolstering this expectation, employment in the trade industry is expected to show large increases as four new major retail department stores are scheduled to open.

BALANCE OF STATE

The balance of state (BOS) counties, as a whole, continue to show economic growth in the second quarter of 1987. The labor force was approximately 3.1 percent greater than the 1986 second quarter labor force while the number of unemployed persons declined by an average of 4.2 percent. The employment growth has been greatest in mining, manufacturing, and retail trade. It has declined in construction and transportation and public utilities.

Eight of the BOS counties actually had higher unemployment rates for 1987 than for 1986, six had lower rates, and one was unchanged. The apparent worsening of the unemployment rates, however, was largely the result of expanding labor forces, not a reduction of jobs.

The seasonally adjusted unemployment rate for Carson City was nearly constant for the quarter (5.9 or 6.0 percent for each of the three months). Those were higher than in 1986, and in this case the problem was partly the result of a reduction in employment sources as one firm transferred out of Carson City. The labor force grew, but the job production did not match that growth. In June, for instance, the labor force grew by 380 persons from 1986 while the unemployed roll increased by 110 persons. In other words, 28.9 percent of the increase to the labor force were unemployed. It

is not likely that such an imbalance between the labor force growth and the job market growth will continue. The unemployment rate may rise slightly, but it is expected that it will still close to the 6.1 percent upper limit it has had for all of 1987.

The 1987 second quarter Douglas County rates were also up slightly from the 1986 levels, but they were still much below the national average. The increase in the seasonally adjusted rates were primarily due to the closing of a factory by a major employer. Because of that closing, Douglas County is again strongly dependent on the gaming industry and tourism. Fortunately, both are showing a resurgence at Lake Tahoe, and the economy looks strong for the summer.

The presentation of the 20-year Lake Tahoe master plan by the TRPA, the settling of lawsuits against the TRPA, and the Supreme Court decision re-confirming property rights of individuals should lead to increased construction in the Lake Tahoe area. That should raise the construction employment level and lower the Douglas County unemployment rate in the short-term. In the long-term, however, it could attract more construction workers to the area which may cause the rates to return to their current levels -- or higher.

Elko County's 1987 unemployment rates were the same in April and slightly higher in May and June than in 1986, but that was largely the result of the strong in-migration that is increasing the size of the labor force. The unemployment rate is not expected to rise in the coming months as gaming revenues are increasing from 1986 and mining activities are expanding greatly.

The mining expansion experienced in Elko County is also taking place in most of the other rural counties of Nevada. Even the mines that have been closed in Esmeralda County in the past year are expected to reopen soon. All of that mining activity means that rural counties should prosper economically for the next quarter. The long-term effect of the mining industry on the counties, of course, depends on the price of minerals.

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BALANCE OF STATE
UNEMPLOYMENT RATES BY COUNTY
(SEASONALLY ADJUSTED)

	1987			1986		
COUNTY	APR	MAY	JUN	APR	MAY	JUN
CARSON CITY	5.9%	6.0%	6.0%	6.0%	5.5%	5.6%
CHURCHILL	8.1	8.1	7.7	6.9	6.2	6.7
DOUGLAS	5.9	5.7	5.6	5.2	4.9	4.9
ELKO	5.9	6.1	6.2	5.9	5.9	5.6
ESMERALDA	7.9	7.6	6.4	5.1	5.1	4.1
EUREKA	3.0	3.2	2.6	5.3	4.0	3.9
HUMBOLDT	6.0	6.2	5.7	7.4	7.4	6.6
LANDER	6.1	5.6	6.3	9.7	8.8	8.8
LINCOLN	4.2	5.4	5.1	5.1	5.4	4.2
LYON	7.1	7.3	7.8	7.3	6.4	6.0
MINERAL	6.7	6.7	6.3	6.7	6.0	6.2
NYE	6.5	5.3	5.5	7.3	6.3	6.5
PERSHING	2.9	2.9	3.9	4.3	3.9	3.3
STOREY	6.5	6.7	5.1	5.1	5.3	5.5
WHITE PINE	7.9	6.7	6.6	8.4	7.7	7.6

AVERAGE WAGE IN COVERED EMPLOYMENT

by

Lynda Yorgey, Labor Economist

Each calendar quarter the Report on Employment and Wages is produced by each state. This report is a compilation of tax report information for Unemployment Insurance (U.I.) from all the covered employers throughout the nation. The figures in the report cover approximately 98 percent of all workers in the United States.

The Report on Employment and Wages for all states provides valuable information to the Bureau of Labor Statistics (BLS) for the preparation of various reports. One way in which the BLS utilizes this information is in the preparation of the 12 Month Average Employment and Total Wage report. This report includes average employment and total wages, U.I. contributions, contribution rates, and average weekly wages for Unemployment Insurance for all 50 states. Other users of the Report on Employment and Wages include the Bureau of Economic Analysis of the Department of Commerce. They use the report as a base for estimating a major portion of the total wage and salary component for the national personal income and Gross National Product (GNP) accounts.

According to the BLS data concerning wages and employment, Nevada ranks eighth among the 13 western states (including Alaska and Hawaii) in average weekly wages (see Table 1). On the average, Nevadans earn $357.15 weekly which is $21.65 below the national average. Only three of the western states recorded figures above the national average of $378.80. These states included Alaska ($547.22), California ($420.81) and Colorado ($385.99).

Nevada's average weekly wage number cannot be strictly compared with other states' numbers due to size differences in employment in the various industries. Nevada's wage is low compared to other states due to the relatively small number of employed people in highly paid industries such as mining and construction. Although the average weekly wage rates in mining ($593.52) and construction ($467.20) are above average, the numbers of workers in these industries are relatively small. On the other hand, the service industry employs the largest number of persons in the state, but its average weekly earnings is lower at $336.30 per week. The trade industry, another large employer, pays an average of $274.90 per week. Table 2 below shows Nevada's employment and payroll numbers by industry. The industries are ranked according to average weekly wage.

For further information on employment and wages in Nevada, contact this office for a copy of Nevada Employment and Payrolls - 1986. Write to the Employment Security Department, Employment Security Research, 500 E. 3rd Street, Carson City, Nevada 89713 or call (702) 885-4550.

TABLE 1. NEVADA'S RANK AMONG 13 WESTERN STATES

	Average Weekly Wages *	Average Yearly Wages **	
U.S.	$378.80	$19,700.00	
Alaska	547.22	28,500.00	***
California	420.81	21,900.00	***
Colorado	385.99	20,100.00	***
Washington	373.23	19,400.00	
Wyoming	361.00	18,800.00	
Arizona	359.66	18,700.00	
NEVADA	357.15	18,600.00	
Oregon	347.92	18,100.00	
Utah	334.99	17,400.00	
Hawaii	334.77	17,400.00	
New Mexico	324.60	16,900.00	
Idaho	313.83	16,300.00	
Montana	301.69	15,700.00	

* Source: Bureau of Labor Statistics
** Rounded to nearest one hundred dollars
*** Above national average

TABLE 2. NEVADA EMPLOYMENT AND PAYROLLS BY INDUSTRY

	Payrolls (Annual Total)	Employment (Annual Avg)	Average Weekly Wage
Mining	$ 194,589,958	6,305	$593.52
Construction	676,098,362	27,830	467.20
T.C.P.U	586,340,456	25,237	446.80
Government	1,392,285,507	61,071	438.42
Manufacturing	483,368,827	22,254	417.70
F.I.R.E.	451,004,851	22,263	389.58
Service	3,542,762,893	202,589	336.30
Trade	1,354,067,115	94,725	274.90

NEVADA MINIMUM WAGE LEGISLATION
by
George Anastassatos, Labor Economist

The Legislature enacted an amendment to Nevada's Revised Statutes (NRS) 608.250 during the 1987 session. This resolution, Assembly Bill 493, increased the allowable minimum wage and provided exemptions for certain handicapped persons. The amendment authorized the State Labor Commissioner to increase the minimum wage level to $3.35 per hour which is equal to the federal minimum wage. Prior to enactment of this regulation, the Labor Commissioner must hold public hearings. The hearings process is expected to take about 70 days to complete. The regulations, with any public recommendations or comments, will be reviewed by a legislative commission and filed with the Secretary of State. This amount would be the minimum earnings paid to a worker employed within the State aged 18 years or older. For minors, workers aged less than 18 years, a minimum of $2.85 per hour must be paid.

The above provisions would not apply to the following occupations or individuals: 1) casual babysitters; 2) domestic service employees who reside in the household where they work; 3) outside salespersons whose earnings are based on commissions; 4) employees engaged in an agricultural pursuit for an employer who did not use more than 500 man-days of agricultural labor in any calendar quarter of the preceding calendar year; 5) taxicab and limousine drivers; and 6) severely handicapped persons whose disabilities have diminished their productive capacity in a specific job and who are certified by the State Rehabilitation Division of the Department of Human Resources.

Nevada minimum wage laws are a supplement to the federal legislation (the Fair Labor Standards Act). Those establishments exempt from the federal law may be subject to the Nevada minimum wage scale. Further, State law prohibits an employer from applying tips or gratuities bestowed upon an employee against the minimum wage.

For additional information pertaining to exemptions and overtime provisions, or other questions, contact:

The State Labor Commissioner's Office
Capitol Complex
505 E. King Street - Room 602
Carson City, Nevada 89710
Telephone 702-885-4850

The Wage and Hour Division of the Department of Labor located in Reno and Las Vegas will also provide information in this area and related areas.

CHILD LABOR LAWS: A SUMMARY
by
Mike Clarke, Labor Economist

The Fair Labor Standards Act, passed in 1938 and most recently revised in May of 1984, determines minimum wage, overtime pay, record keeping, and child labor standards for more than 50 million full and part-time workers.

The child labor standards have been imposed on employers for two reasons. First, they are designed to protect educational opportunities for minors. Second, they are intended to keep children healthy by restricting their exposure to unhealthy or dangerous conditions. To accomplish those ends, two different sets of regulations have been established: one for agricultural employment, one for non-agricultural. There are important differences between the two sets. For instance, youths of 16 or older may do any farm job at any time, while it is not until they are 18 that they may do all non-farm jobs.

Farm Standards

In addition to having the freedom of performing any farm job after they have reached age 16, youths of 14 or 15 may do any non-hazardous farm job outside of school hours. At age 12 or 13 the same restrictions apply as for the 14 and 15 year olds with one addition: the employee must either be working with the parents or have written consent from the parents. Under age 12, the additional requirement is that the child can work only on farms not covered by minimum wage requirements. Local youths of 10 or 11 may hand- harvest short season crops outside school hours for no more than 8 weeks between June 1 and October 15 if the employers have obtained special waivers from the Secretary of Labor. Of course, minors of any age may be employed on farms owned or operated by their parents.

Industrial Standards

The standards for non-agricultural employment is more restrictive than agricultural, and all restrictions apply until the youths have reached age 18. For ages 16 and 17, they may work any job at any time, but the job must be non-hazardous. For youths ages 14 or 15, the work must be outside school hours; must be non-manufacturing, non-mining, and non-hazardous; must not exceed 3 hours per day and 18 hours per week during school sessions or 8 hours per day and 40 hours per week during non-school periods; and must be between 7 AM and 7 PM except for the period between June 1 to Labor Day when the hours are extended to 9 PM. Age 14 is the minimum age for non-farm work except for newspaper delivery, performing arts participation, or non-hazardous employment in parents' businesses.

The list of hazardous working conditions is too extensive to document fully here, but logic will serve to determine what is "hazardous" in most circumstances. Some examples include the operation of certain power equipment, handling toxic substances or explosives, exposure to radioactive materials or areas, and working in dangerous areas such as on roofs or inside most mines. There are some exemptions, and they generally relate to apprenticeships or student-learner conditions. Department of Labor permission is required in those cases. As an aside note, where Federal and State regulations differ, the more restrictive regulation always takes priority.

Penalty for Violation

The penalty for violation of the Federal child labor standards is a fine of up to $1,000 for each unintentional offense. The employer has the right to file an exception to the determination within 15 days of being assessed a money penalty. A formal hearing before the Chief Administrative Law Judge will then determine the final disposition of the charge.

A willful violation or a second offense after a conviction for a similar offense can lead to a fine of up to $10,000, a prison sentence of up to 6 months, or both. The Secretary of Labor may also ask for an injunction against the employer from the Federal district court to prevent future violations.

Obviously, this is no more than a summary description of the various aspects of the Federal child labor standards. If any additional questions exist about any part of the law or if any new ones have been raised -- from the full definition of what is "hazardous" to which employers are exempt from and which employers are subject to the law -- the Wage and Hour Division of the nearest Bureau of Labor Office should be called or written. The Nevada addresses and phone numbers are:

Reno - 50 S. Virginia St.
Reno, Nevada 89501
Phone: 702-784-5200

Las Vegas - 300 Las Vegas Blvd., South
Las Vegas, Nevada 89101
Phone: 702-385-6489.

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NEVADA PERSONAL INCOME

by
Gary Lungstrum, Labor Economist

Nevada personal income totaled $15.3 billion (seasonally adjusted at annual rates) during the first quarter of this year, representing a gain of nearly 8.5% over the same period in 1986. Wage and Salary income accounted for most of the earnings, with, as might be expected, the service industry accounting for nearly one-half of all the private sector earnings. Compared to the service industry total of $5 billion, the next highest ranking industries were retail trade, $1.2 billion, and construction, $1.1 billion. Government earnings totaled $1.8 billion.

The table below illustrates the growth in nonfarm earnings from the first quarter of this year. Total nonfarm earnings increased by 69.6% over this period. Nationally, nonfarm earnings grew by 62% for this same period.

NONFARM EARNINGS BY PLACE OF WORK
(Seasonally adjusted at annual rates)

INDUSTRY	MILLIONS OF $	1ST QTR 1980	1ST QTR 1987
Agricultural Services		31	49
Mining		129	262
Construction		772	1096
Manufacturing		364	587
T.C.P.U.		560	859
Trade		1064	1665
F.I.R.E.		333	617
Services		2747	4994
Government		1040	1806

Within the Far West region first quarter personal income increased over the year by 5.8 percent, outpacing the national growth rate of 4.6 percent. Nevada recorded the fastest growth within the region at 8.4 percent, while Washington grew by 6.2 percent, and California and Hawaii increased by 5.8 percent each, and Oregon by 3.7 percent. Income growth in Alaska declined by 1 percent.

NEVADA LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
CIVILIAN LABOR FORCE	562.3	565.9	566.3	531.9	538.4	542.7
UNEMPLOYMENT	33.1	32.2	32.6	32.6	29.2	29.3
UNEMPLOYMENT RATE	5.9%	5.7%	5.7%	6.1%	5.4%	5.4%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.8%	5.9%	5.9%	6.1%	5.6%	5.6%
TOTAL EMPLOYMENT 1/	529.2	533.7	533.7	499.3	509.3	513.4
NONAGRICULTURAL EMPLOYMENT	523.1	527.3	526.3	493.2	502.9	506.0
AGRICULTURAL EMPLOYMENT	6.0	6.4	7.4	6.0	6.4	7.4
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.3

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
TOTAL NONAGRICULTURAL	492.0	499.0	501.6	460.7	468.5	470.7
MINING	6.7	6.8	7.0	6.1	6.2	6.4
METAL MINING	5.5	5.6	5.8	4.8	4.9	5.1
CONSTRUCTION	29.4	30.4	31.2	26.4	27.7	29.0
MANUFACTURING	23.0	23.1	23.6	21.8	22.0	22.3
DURABLE GOODS	14.3	14.4	14.8	13.8	14.0	14.3
STONE, CLAY, & GLASS PRODUCTS	1.5	1.5	1.6	1.5	1.5	1.5
PRIMARY METAL INDUSTRIES	1.0	1.0	1.0	1.0	1.0	1.0
NON-DURABLE GOODS	8.7	8.7	8.8	8.0	8.0	8.0
FOOD PRODUCTS	1.5	1.5	1.5	1.4	1.4	1.4
PRINTING & PUBLISHING	4.1	4.0	4.1	3.7	3.7	3.7
CHEMICALS	0.8	0.8	0.8	0.8	0.8	0.8
TRANSPORTATION & PUBLIC UTILITIES	27.2	27.6	28.0	25.9	26.2	26.8
TRANSPORTATION	15.9	16.2	16.4	14.6	14.9	15.3
RAILROAD	1.3	1.3	1.3	1.3	1.3	1.3
TRUCKING & WAREHOUSE	4.3	4.4	4.5	3.9	4.0	4.1
AIR	3.9	4.0	4.0	3.7	3.8	3.9
PUBLIC UTILITIES	11.3	11.4	11.6	11.3	11.3	11.5
TOTAL TRADE	97.8	99.5	101.1	92.2	94.0	95.5
WHOLESALE	17.5	17.8	18.0	16.4	16.6	16.8
RETAIL	80.3	81.7	83.1	75.8	77.4	78.7
GENERAL MERCHANDISE & APPAREL	13.9	14.2	14.4	13.3	13.4	13.5
FOOD STORES	11.6	11.8	11.9	11.1	11.2	11.4
AUTO DEALERS & SERVICE STATIONS	10.5	10.7	10.8	9.9	10.0	10.3
EATING & DRINKING PLACES	27.3	27.8	28.5	25.4	26.4	27.1
FINANCE, INSURANCE & REAL ESTATE	23.7	24.0	24.4	22.1	22.5	22.8
FINANCE	10.6	10.7	10.8	10.0	10.1	10.2
SERVICE INDUSTRIES	219.4	222.5	224.7	203.8	207.7	208.8
HOTELS, GAMING & RECREATION	137.5	140.3	141.8	127.9	130.4	131.1
PERSONAL	5.9	5.9	5.9	5.8	5.7	5.7
BUSINESS	27.2	27.2	27.5	24.0	24.8	24.6
MEDICAL & HEALTH	20.7	20.5	20.6	19.7	19.9	20.0
GOVERNMENT	64.8	65.1	61.6	62.4	62.2	59.1
FEDERAL	11.3	11.3	11.6	10.8	10.8	11.0
STATE & LOCAL	53.5	53.8	50.0	51.6	51.4	48.1
EDUCATION - STATE & LOCAL	25.0	24.9	20.7	24.1	23.8	19.6

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

L A S V E G A S L A B O R F O R C E S U M M A R Y

(ESTIMATES IN THOUSANDS)

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
CIVILIAN LABOR FORCE	328.3	329.8	328.0	305.9	309.8	309.2
UNEMPLOYMENT	19.4	19.3	20.1	19.2	17.6	18.2
UNEMPLOYMENT RATE	5.9%	5.8%	6.1%	6.3%	5.7%	5.9%
UNEMP. RATE (SEASONALLY ADJUSTED)	6.1%	6.2%	6.2%	6.5%	6.0%	5.9%
TOTAL EMPLOYMENT 1/	308.9	310.5	307.9	286.6	292.2	291.1
NONAGRICULTURAL EMPLOYMENT	307.5	309.0	306.1	285.2	290.6	289.3
AGRICULTURAL EMPLOYMENT	1.5	1.5	1.8	1.5	1.5	1.8
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.0

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
TOTAL NONAGRICULTURAL	280.9	284.2	283.5	259.1	263.5	261.8
MINING	0.3	0.3	0.3	0.3	0.3	0.3
METAL MINING	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION	18.3	18.6	18.9	16.3	16.9	17.5
MANUFACTURING	8.6	8.6	8.7	8.0	8.0	8.1
DURABLE GOODS	4.3	4.4	4.4	4.1	4.1	4.2
STONE, CLAY, & GLASS PRODUCTS	0.8	0.8	0.8	0.7	0.7	0.8
NON-DURABLE GOODS	4.3	4.2	4.3	3.9	3.9	3.9
FOOD PRODUCTS	0.7	0.7	0.7	0.6	0.6	0.6
PRINTING & PUBLISHING	2.1	2.1	2.1	1.9	1.9	1.9
CHEMICALS	0.6	0.7	0.6	0.6	0.6	0.6
TRANSPORTATION & PUBLIC UTILITIES	15.6	15.9	16.1	14.7	14.8	15.0
TRANSPORTATION	9.6	9.8	9.9	8.7	8.8	9.0
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
AIR	2.9	2.9	3.0	2.7	2.8	2.9
PUBLIC UTILITIES	6.0	6.1	6.2	6.0	6.0	6.0
TOTAL TRADE	56.9	57.8	58.4	53.7	54.7	55.2
WHOLESALE	9.6	9.8	9.9	8.8	8.9	9.0
RETAIL	47.3	48.0	48.5	44.9	45.8	46.2
GENERAL MERCHANDISE & APPAREL	7.7	7.8	7.9	7.7	7.7	7.7
EATING & DRINKING PLACES	17.3	17.5	17.6	16.0	16.7	16.8
FINANCE, INSURANCE & REAL ESTATE	14.3	14.5	14.7	13.2	13.3	13.5
FINANCE	6.4	6.5	6.7	5.9	6.0	6.0
SERVICE INDUSTRIES	134.2	135.9	136.2	121.6	124.1	123.3
HOTELS, GAMING & RECREATION	89.1	90.6	90.6	80.7	82.2	81.4
PERSONAL	3.8	3.8	3.8	3.7	3.6	3.6
BUSINESS	14.3	14.2	14.4	11.8	12.5	12.3
GOVERNMENT	32.7	32.6	30.2	31.3	31.4	28.9
FEDERAL	6.3	6.2	6.3	5.9	5.9	5.9
STATE & LOCAL	26.4	26.4	23.9	25.4	25.5	23.0
EDUCATION - STATE & LOCAL	12.7	12.7	10.1	12.2	12.2	9.4

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.
P = PRELIMINARY

RENO LABOR FORCE SUMMARY

(ESTIMATES IN THOUSANDS)

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
CIVILIAN LABOR FORCE	138.8	139.9	140.0	133.9	135.3	137.8
UNEMPLOYMENT	7.5	7.2	6.9	7.1	6.2	6.0
UNEMPLOYMENT RATE	5.4%	5.1%	4.9%	5.3%	4.6%	4.4%
UNEMP. RATE (SEASONALLY ADJUSTED)	5.2%	5.4%	5.4%	5.2%	4.8%	4.8%
TOTAL EMPLOYMENT 1/	131.3	132.7	133.1	126.8	129.0	131.7
NONAGRICULTURAL EMPLOYMENT	130.6	131.9	132.1	126.0	128.2	130.8
AGRICULTURAL EMPLOYMENT	0.8	0.8	0.9	0.8	0.8	0.9
PERSONS INVOLVED IN WORK STOPPAGES	0.0	0.0	0.0	0.0	0.0	0.3

1/ ADJUSTED BY CENSUS RELATIONSHIPS TO REFLECT NUMBER OF PERSONS BY PLACE OF RESIDENCE.

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ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT 2/

	1987			1986		
	APR	MAY	JUN P	APR	MAY	JUN
TOTAL NONAGRICULTURAL	129.3	131.3	132.4	124.0	125.8	127.7
MINING	0.7	0.7	0.8	0.7	0.7	0.7
CONSTRUCTION	7.1	7.5	7.7	6.5	6.9	7.3
MANUFACTURING	8.4	8.4	8.6	8.0	8.1	8.2
DURABLE GOODS	5.5	5.5	5.7	5.3	5.4	5.5
NON-DURABLE GOODS	2.9	2.9	2.9	2.7	2.7	2.7
TRANSPORTATION & PUBLIC UTILITIES	8.7	8.7	8.9	8.4	8.4	8.7
TRANSPORTATION	4.7	4.7	4.8	4.5	4.5	4.6
RAILROAD	0.4	0.4	0.4	0.4	0.4	0.4
TRANSPORTATION EXCL. RAILROAD	4.3	4.3	4.4	4.1	4.1	4.2
PUBLIC UTILITIES	4.0	4.0	4.1	3.9	3.9	4.1
TOTAL TRADE	28.9	29.5	29.9	27.4	27.8	28.4
WHOLESALE	6.5	6.6	6.7	6.4	6.4	6.5
RETAIL	22.4	22.9	23.2	21.0	21.4	21.9
GENERAL MERCHANDISE & APPAREL	5.1	5.2	5.2	4.7	4.7	4.8
EATING & DRINKING PLACES	6.3	6.4	6.7	5.9	6.1	6.3
FINANCE, INSURANCE & REAL ESTATE	7.0	7.1	7.2	6.6	6.8	6.9
SERVICE INDUSTRIES	52.1	52.9	53.8	50.5	51.5	52.4
HOTELS, GAMING & RECREATION	29.9	30.5	31.2	29.3	29.9	30.6
PERSONAL	1.4	1.3	1.3	1.4	1.3	1.3
GOVERNMENT	16.4	16.5	15.5	15.9	15.6	15.1
FEDERAL	2.9	3.0	3.0	2.8	2.8	2.9
STATE & LOCAL	13.5	13.5	12.5	13.1	12.8	12.2
EDUCATION - STATE & LOCAL	7.8	7.7	6.5	7.6	7.3	6.4

2/ REFLECTS EMPLOYMENT BY PLACE OF WORK. DOES NOT NECESSARY COINCIDE WITH LABOR FORCE CONCEPT. INCLUDES MULTIPLE JOB HOLDERS.

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN NEVADA

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	APR 1987	MAY 1987	JUN P 1987	APR 1987	MAY 1987	JUN P 1987	APR 1987	MAY 1987	JUN P 1987
MINING	608.90	614.80	612.90	42.7	42.4	42.8	14.26	14.50	14.32
CONSTRUCTION	601.47	588.79	592.23	36.9	36.1	36.4	16.30	16.31	16.27
MANUFACTURING	397.64	394.88	399.75	40.7	40.5	41.0	9.77	9.75	9.75
DURABLE GOODS	421.42	411.59	426.47	42.1	41.2	42.1	10.01	9.99	10.13
STONE, CLAY & GLASS	552.55	504.50	533.83	42.8	39.6	42.3	12.91	12.74	12.62
PRIMARY METALS	734.09	599.50	635.11	43.8	40.1	42.2	16.76	14.95	15.05
NONDURABLE GOODS	354.50	366.42	352.29	38.2	39.4	39.1	9.28	9.30	9.01
PRINTING & PUBLISHING	366.00	369.38	354.83	37.5	37.5	37.0	9.76	9.85	9.59
PUBLIC UTILITIES	559.55	582.42	564.36	39.6	40.7	39.8	14.13	14.31	14.18
TRADE	307.10	303.10	306.07	34.7	34.6	35.1	8.85	8.76	8.72

P = PRELIMINARY

AVERAGE HOURS AND EARNINGS IN SELECTED INDUSTRIES IN LAS VEGAS

	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	APR 1987	MAY 1987	JUN P 1987	APR 1987	MAY 1987	JUN P 1987	APR 1987	MAY 1987	JUN P 1987
CONSTRUCTION	604.08	591.27	581.55	36.5	35.9	35.7	16.55	16.47	16.29
MANUFACTURING	516.58	480.33	491.88	41.5	40.5	41.3	12.45	11.86	11.91
DURABLE GOODS	601.14	537.02	562.10	43.0	40.9	42.2	13.98	13.13	13.32
NONDURABLE GOODS	400.14	398.00	388.23	39.5	39.8	39.9	10.13	10.00	9.73
TRANSPORT. & UTILITIES	465.16	478.27	460.49	40.1	40.6	39.8	11.60	11.78	11.57
WHOLESALE TRADE	415.24	400.81	395.10	39.1	38.1	37.7	10.62	10.52	10.48
RETAIL TRADE	237.43	241.61	243.85	31.2	31.5	32.6	7.61	7.67	7.48

P = PRELIMINARY

THIS DATA IS PREPARED IN CONJUNCTION WITH THE BUREAU OF LABOR STATISTICS.

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